ANNUAL REPORT

OF THE

Indian Merchants' Chamber and Bureau

FOR THE YEAR

00133677

1918-19.

(Presented to the Annual General Meeting held on the 30th September 1919.)

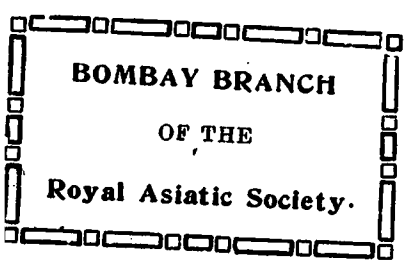
Printed by:
E. A. VASEE, Proprietors, M. Damodar Bros.
7, Church Gate Street, Fort, Bombay.

Published by:
Mr J. K. Mehta, Secretary; the "Indian Merchants' Chamber and Bureau"
Old Telephone Buildings, 19, Bank Street, Bombay.

Presented

by

JEHANGIR BOMANJEE PETIT.



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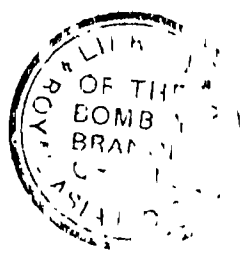

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LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

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1	Messrs.	Morarji Goculdas & Co. (Hon'ble Sir Dinshaw Edulji Wachha).
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3	„	Pragji Surji & Co. (Mr. *Pragji Surji*).
4	„	Mulji Haridas & Co. (Mr. *Mulji Haridas*).
5	„	Dinshaw D. Karani & Co. (Mr. *Sorabjee Rustomjee* Master).
6	„	M. H. Sanjana & Co. (*Self*).
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9	„	Morarji Velji & Co. (Mr. Morarji Velji).
10	„	Jethabhai Govindji & Co. (Mr. Jamnadas Devidas).
11	„	Walji Shamji & Co. (Mr. Kalianji Lalji).
12	„	Chaturbhuj Shivji & Co. (Mr. Vallabhadas Chaturbhuj Shivji).
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15	„	Walji Sunderji & Co. (Mr. Walji Sunderji).
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18	„	Matubhai Vassanji & Co. (Mr. Vassanji Naranji).
19	„	Damodar Haridas & Co. (Mr. Mathuradas Haridas).
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21	„	Ramdas Madhawji & Co. (Madhawji Jaisang).
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23	„	Damodar Govindji & Co. (Mr. Vithaldas Damodar Govindji).
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26	„	Hiralal Amratlal & Co. (Mr. Manilal Lalloobhai).

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47 „ Walji Khimji & Co. (Mr. Vallabhdas Walji).
48 „ Manji Keshavji & Co. (Mr. Laxmidas Haridas Thackkar).
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50 „ Vallabhdas Kanji & Co. (Mr. Ranchhoddas Vallabhdas Kanji).
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52 „ Koorji Dharamsey & Co. (Mr. Mathuradas Kurji).
53 „ Gordhandas Naranji & Co. (Mr. Naranji Narsey).
54 „ Vishram Dhanji & Co. (Mr. Vandravandas Walji).
55 „ Bhimji Dwarkadas & Co. (Mr. Sunderdas Bhimji).
56 „ Devkaran Muljee & Co. (Mr. Devkaran Mulji).
57 „ Raghavji Anandji & Co. (Mr. Narottamdas Vallabhdas).
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61 ,, Purshottam Dwarkadas & Co. (Mr. Damodar Bhagvandas).
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63 ,, Gopalji Calianji & Co. (Mr. Soonderdas Paramanand).
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65 ,, Hormusji Khursedji & Co. (Hon'ble Mr. Phiroz C. Sethna).
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67 Raghavji Ebbji & Co. (Mr. Valji Ebbji).
68 ,, Ranchhoddas Valabhai & Co. (Mr. Ranchhoddas Valabhai).
69 ,, Mulji Jetha & Co. (Mr. Chaturbhuj Gordhandas).
70 ,, Nagardas Purshottam & Co. (Mr. Bhagvandas Keshavji).
71 ,, Motilal Keshavji & Co. (Mr. Motilal Vallabhji).
72 ,, Morarji Govindji & Co. (Mr. Govindji Jivandas).
73 ,, Edulji Kharsetji & Co. (Mr. Kharsetji Jamsedji).
74 ,, Manji Walji & Co. (Mr. Mathuradas Manji Walji).
75 ,, Kavasji Temoolji & Co. (Mr. Temoolji Burjorji).
76 ,, Hirji Dayal & Co. (Mr. Lalji Dayal).
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79 ,, Vallabhdas Laxmidas & Co. (Mr. Ratansey Doongersey).
80 ,, Chaturbhuj Haridas & Co. (Mr. Chaturbhuj Purshottam).
81 ,, Shamji Vandravan & Co. (Mr. Hiralal Mulji).
82 ,, Liladhar Dwarkadas & Co. (Mr. Dwarkadas Tricumdas).
83 ,, Jamshedji Framji Kharas & Co. (Mr. Ardeshar Jamshedji Kharas).
84 ,, Zaver Jagjivan & Co. (Mr. Ramdas Zaver Jagjivan).
85 ,, Jivram Vassanji & Co. (Mr. Jaishtaram Jivram).
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88 ,, Gopalji Walji & Co. (Mr. Tulsidas Gopalji).

89 Messrs. Purshottam Kalidas & Co. (Mr. Bhagvandas Purshottam).
90 „ Goculdas Shivji & Co (Mr. Soonderji Damodar).
91 „ Kavasji Framji & Co. (Mr. Narandas Purshottam).
92 „ Kanji Karsanji & Co. (Mr. Shah Devchand Bhagwanji).
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94 „ Gordhandas Haridas & Co. (Mr. Haridas Mathuradas).
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98 „ Narottamdas Vallabhji & Co. (Mr. Narottamdas Vallabhji).
99 „ Premchand Tribhovan & Co. (Mr. Damodar Tribhovandas).
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101 „ Mathuradas Chatrabhuj & Co. (Mr. Mathuradas Haribhai).
102 „ Mathuradas Liladhar & Co. (Mr. Mathuradas Dungersi).
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104 „ Vadilal Purshottamdas & Co. (Mr. Mansukhlal Oghadbhai).
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106 „ Hansraj Purshottam & Co. (Mr. Hansraj Purshotam).
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117 „ Ramdas Khimji & Co. (Purshotamdas Jivandas).

118 Messrs. Phirozshah B. Petit & Co. (Phirozshah B. Petit).
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120 Raja Bahadur Shivlal Motilal & Co. (Mr. Govindlal).
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263 „ Narayan Dhondiba & Co. (Mr. Shantaram Vishvanath Divedkar).
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265 „ Chatrabhuj Govindji & Co. (Mr. Premji Vishram).
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273 Dr. H. L. Batliwala Sons & Co. (Managing Director Mr. Jehangir H. L. Batliwala)
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293 „ Govindji Madhavji & Co. (Mr. Damodar Govindji Madhavji).
294 „ H. Anik & Co. (Mr. H. A. M. Anik).
295 Mr. Hiralal M. Shah (Self).
296 „ Nanabhai Talakchand „
297 „ Bhagwandas Gordhandas „
298 Messrs. The Bombay Rice Merchants Association. (Mr. Mathuradas Canji Matani).
299 „ Keshavlal Brothers & Co. (Mr. Madhavlal Makanji).
300 „ C. K. Vohora & Co. (Mr. Chamanlal Popatlal Mehta).
301 „ Haridas Madhavdas Amersey & Amersey Damodar & Co. (Mr. Haridas Madhavdas).
302 Mr. Kekhusaru Manekji Cooper). (Self).
303 Messrs. Fajal Ibrahim Rahimtulla & Co. (Mr. Fazal Ibrahim Rahimtulla).
304 „ Prahaladbhai Dolatram & Co. (Mr. Mangaldas Prahaladbhai).
305 „ M. B. Mehta & Co. (Self).
306 Mr. D. G. Banker. „
307 „ Manilal Jugaldas). „
308 Messrs. Vithal Ambaram Jani & Co. (Mr. Hargovind Ambaram Jani).

309 Messrs. Hargovind Shivlal & Co. (Mr. Shivlal Nimjee Mehta).
310 „ M. Shomia & Co. (Mr. A. G. Shomia).
311 „ Laljee Godhoo & Co. (Mr. Narandas Kesurdas).
312 „ Manilal Balabhai & Co. (Self)
313 Mr. B. F. Madan. „
314 Messrs. H. J. Hormasji & Sons (Mr. H. J. Hormasji).
315 „ Cursetji Bamanji & Co. (Mr. B. C. Sethna).
316 „ Mathuradas V. Kothare & Co. (Mr. Mathuradas Tricumdas).
317 Mr. Sultan I. Janmahmad. (Self)
318 „ Shantidas Askaran. „
319 Messrs. Jetha Mulji & Co. (Mr. Padamshi Muljee).
320 „ Dalsukhbhai Kanaiyalal & Co. (Mr. Kanaiyalal Ranchodbhai).
321 Mr. Vyas Laxmishanker Narbadashanker. (Self).
322 „ Ramkrishna Narayan Bijur. „
323 „ Ishwardas Laxmidas. „
324 „ N. M. Mazumdar „

MEMBERS OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU FOR THE YEAR 1919-1920.

1 Mr. Jehangir Bomanji Petit (Chairman).
2 „ Sorabji Edulji Warden.
3 The Hon'ble Mr. Purushottamdas Thakordas, C. I. E.
4 „ „ Sir Fazulbhoy Currimbhoy Ebrahim.
5 „ „ Mr. Chunilal V. Mehta.
6 „ „ „ Lallubhai Samaldas, C. I. E.
7 „ „ „ Manmohandas Ramji.
8 Mr. Hansraj Pragjee Thakersey.
9 „ Surajmal Lallubha.
10 „ Laxmidas Ravji Tairsey.
11 „ Vallabhadas Chaturbhuj Shivji.
12 „ Motilal Vallabhjee.
13 „ Vithaldas Damodar Govindji.
14 Sir Vithaldas D. Thakersey.
15 „ Motilal Kanji.
16 „ Gulabchand Devchand Zaveri.
17 Mr. Manu Subedar.
18 „ Devidas Madhavjee Thakersey.
19 „ Phiroz J. Billimoria.
20 „ Jethmal Narandas.
21 „ Fazal Ebrahim Rahimtulla.
22 „ Girjashanker B. Trivedi.
23 „ Mansukhlal Atmaram Master.
24 „ Mavji Govindji.
25 „ Lalji Govindji.

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Hon. Mr. Manmohands Ramji 1907—1913.
„ „ Purushottamdas Thakordas C. I. E. 1913—1914.
„ Sir Fazulbhoy Currimbhoy 1914—1915.

Co-opted members under rule 25 of the Rules and Regulations of the Chamber.

1 Mr. N. M. Muzumdar.

2 „ B. F. Madan.

3 „ L. M. Khokhani.

4 „ Naranji Haribhai.

5 „ Mathuradas Kanji Matani.

These 5 members together with the elected 25 members make up the required number *i. e.* 30.

THE HON'BLE MR. Manmohandas Ramji.

Representative on the Bombay Port Trust.
Mr. Manu Subedar, B.S.C., F.S.S.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Annual General Meeting.

The Twelveth Annual General Meeting of the Indian Merchants' Chamber and Bureau was held at the Office of the Chamber on Monday the 30th September 1919 at 5-15 P. M. (S.T.) to transact the following business :—

(*i*) To receive the report of the Managing Committee for the year 1918-1919.

(*ii*) To declare the Election of the Members of the New Committee.

(*iii*) To appoint an Auditor to the Chamber for the ensuing year.

Hon. Mr. Chunilal V. Mehta Chairman of the Chamber presided.

The following members were present :—

1 Hon. Mr. Chunilal V. Mehta.
2 „ „ Lallubhai Samaldas C. I. E.
3 Mr. Jehangir B. Petit.
4 „ Morarji Velji.
5 „ Vallabhdas Chaturbhuj Shivjee.
6 „ Laljee Govindjee.
7 „ Dwarkadas Ravjee Naranji.
8 „ Vassanji Naranjee.
9 „ Vithaldas Damoder Govindjee.
10 „ Morarji Hansraj Canjee.
11 „ Goculdas Jivraj.
12 „ Harjivan Valjee.

13 Mr. Laxmidas Haridas Thakkar.
14 „ Valjee Govindjee.
15 „ Ranchhoddas Vallabhadas Kanji.
16 „ Mathuradas Kurjee.
17 „ Motilal Kanjee.
18 „ Chaturbhuj Karsandas Shroff.
19 „ Sunderdas Parmanand.
20 „ Ranchhoddas Valabhai.
21 „ Motilal Vallabhji.
22 „ Govindji Jivandas.
23 „ Chaturbhuj Purshottam.
24 „ Narandas Purshottam.
25 „ Jagjivan Gordhandas.
26 „ Haridas Mathuradas.
27 „ Jamnadas Harakhji.
28 „ Narottamdas Dharamdas.
29 „ Jethmal Narandas.
30 „ Narottamdas Vallabhji.
31 „ Tricumdas Chakubhai.
32 „ Mathuradas Haribhai.
33 „ Karsandas Vallabhdas.
34 „ Hansraj Purshottam.
35 „ Maneklal Bhaidas.
36 „ Purshotamdas Jivandas.
37 „ O. H. Nazar.
38 „ Krishnarao Purshottam Kothare.
39 „ Pestonji Edulji Dhalla.
40 „ Sorabjee Eduljee Warden.
41 „ Gulabchand Devchand Zaveri.
42 „ Haridas Nagji Vohra.
43 „ Laxmichand Manekchand Khokhani.
44 „ Surajmal Lallubhal.
45 „ Burjor Framroz R. Joshi.

46 Mr. M. V. Merchant.
47 „ Mavjee Govindjee.
48 „ Girjashanker B. Trivedi.
49 „ Ahmed Pyarallibhai Abdulla Dosal.
50 „ Jivandas Pitambar.
51 „ Ismail A. H. Musa.
52 „ Jamnadas Vasanji Manji.
53 „ M. A. G. Noble.
54 „ Sarabhai Vadilal Zaveri.
55 „ Mansukhlal Atmaram Master.
56 „ Damodar Govindjee Madhavjee.
57 „ Madhavlal Makanji.
58 „ Chamanlal Popatlal Mehta.
59 „ Kekhusru Manekji Cooper.
60 „ Hargovind Ambaram Jani.
61 „ Narandas Kesurdas.
62 „ B. F. Madan.
63 „ Ishvardas Laxmidas.
64 „ N. M. Mazumdar.
65 „ Fazal Ebrahim Rahimtulla.

SPEECH DELIVERED BY MR. JEHANGIR B. PETIT AT THE ANNUAL GENERAL MEETING OF THE INDIAN MERCHANTS' CHAMBER.

MR. CHAIRMAN AND GENTLEMEN,

I have much pleasure in seconding the proposition for the adoption of the report and the accounts for the year ending 31st August 1919, which has just been placed before you. In doing so, I shall with your permission, offer a few brief observations of a general character, arising out of the report.

The past year has been rendered memorable from more points of view than one. The cessation of the greatest war known to history is an event which has necessarily evolved, among others, mercantile, industrial and economic problems of a pregnant and far-reaching character, which have combined to make the period under review, one of the most important in the life of this chamber.

After more than four years of unspeakable and terrible anguish, the world in labour is still slowly emerging out of the deadly effects of a ghastly struggle only to see and realise that after all this suffering, this is by no means going to be the last of the great wars; and Democracy is just beginning to understand that with the exception perhaps, of the free American people, every one of the victorious belligerent powers from England downwards, has scattered to the winds the celebrated fourteen points of President Wilson, and all that they indicated and stood for. Nearer home, the unexpected course of events in Turkey, Persia, Egypt and India; and in particular, the revival of class hatred against British Indians resident in South Africa and other British Colonies; and last though not least, the unwarranted introduction of repressive legislation in this country in the shape of the Rowlatt Act; and the infliction, on the eve of the conclusion of peace, upon the defenceless and innocent people of the Punjab in the name of law and order, of injustice and cruelty equalled only by the indiffe-

rence with which complaints about them are received by the official world, are circumstances which make it painfully clear to us that, at least so far as the East is concerned, the world is still far from being made safe for Democracy as is pretended; that the forces of repression, colour-prejudice, race-domination and class-arrogance are still as rampant as they were in pre-war days; that the old-world diplomacy is not yet dead; that might is still considered greater than right; that the recognition of the rights and privileges of minor nationalities and subject-races is still as distant as it ever was before; and that justice, equity, equality, brotherhood and similar expressions are merely so many meaningless shibboleths which only serve to misguide a forgetful, and credulous world.

Let us now examine for a moment the effects of the war upon the trade and industries of this country. It is now nearly a year since the publication of the report of the Industrial Commission. Briefly put, it indicated a welcome change in the hitherto apathetic attitude of the Government towards the industrial needs of the country, and "the definite adoption of a policy of state participation in industrial development." As such, it was warmly supported by the country; but so far as the main recommendations of the report are concerned, it must be sorrowfully admitted that we are still as far away as we ever were before from their translation into action by the Government. Nor are we even aware of any serious attempt or immediate intention in that behalf on the part of the Government. This circumstance makes the country's emphatic opinion repeatedly expressed, all the clearer and more forcible, that the success of the entire scheme adumbrated in the report of the Industrial Commission, must very largely depend upon the extent of the power that is given to the representatives of the people in the Legislative Council to promote and control the industrial development of India. It is in keeping with the spirit of the

Government of this country that absolutely no notice has yet been taken of that by no means unreasonable demand. Unless it is granted and unless further, a competent Indian with a wide horizon, is appointed member for commerce, I for one am very doubtful of the excellent report of the Industries Commission bearing any fruit.

When we consider the entire policy of the Government in relation to the trade and industries of this country; when we realise how the legitimate claims of India have invariably been subordinated and sacrificed to more potential interests; when we remember how, both the Governments of the United Kingdom and of India, under cover of untenable excuses, have adopted in the past and are still adopting in the present, a totally indefensible and unrighteous course of action, thereby not only seriously handicapping and paralising Indian trade and industries, but also exposing many of the nascent arts and handicrafts of this country to imminent danger of extinction; we cannot help coming to the conclusion that both these Governments are not serious in their oft repeated professions of solicitude for the mercantile and industrial welfare of this country.

It is an unimpeachable fact that in spite of repeated representations in that behalf and the unanimous protest of the whole country against the arbitrary arrangement made in India's name, Indian trade and industry were wholly unrepresented at the Peace Conference, where important and far-reaching issues, effectively and irrevocably determining the future industrial destiny of this country, were discussed and finally settled.

The equally unanimous demand for fiscal autonomy, repeatedly and persistently made by this country, yet remains unfulfilled. It is incomprehensible to me how and why the consideration of this all-important question was deliberately

omitted from the scope of the reference to the Industrial Commission. For the healthy and normal growth of the trades and manufactures of a country, it is absolutely necessary that she should have the power of adjusting her own tariffs to suit her peculiar requirements and conditions; and should consequently have complete fiscal freedom. Nothing short of this will satisfy the people of this country; nothing less will enable her to become industrially independent and great; and India should not rest content unless and until she has got it. If fiscal freedom is necessary for industrial development as is admitted on all hands, I am unable to understand on what grounds of justice and equity, it can legitimately be withheld from India for any length of time, by any Government with a sense of its responsibility to the people, committed to its charge. If the colonies can remain in the Empire and still arrange their tariffs to their own advantage and for their own benefit, *even* against England; if they can thus advance their own interests without damaging those of the Empire, I fail to see why India can not. It is no exaggeration to say that this country will not and can not regard any settlement about her industries as satisfactory, unless this question is solved according to her wishes and requirements. I cannot help saying that so long as its determination is deliberately shelved and evaded, this country cannot be blamed for doubting the sincerity of the Government's professions of a liberal and progressive industrial policy towards it.

To add to the many difficulties already facing our trade and industries, the country has noticed with considerable regret and alarm that the Imperial Legislative Council has very recently, not only committed itself to a policy of Imperial Preference but has also taken upon itself the responsibility of straightaway applying the principle to the country. I have nothing to say against the principle of imposing duties on the export

of our raw materials for the protection and in the intersts of our own industries. By the imposition of the duty of 15% on the Exportof all raw hides and skins from the country, recently agreed to by the Imperial Legislative Council, this object, would have been more than amply attained, so far as the hides, tanning and leather industries are concerned, if it had been immediately coupled with an attempt on the part of the Government to open and encourage the tanning and leather making industry in this country. We are told that it is necestary to develop the leather industry for the purposes of ammunition in order to make the British Empire self-contained and self-reliant in the event of a future war. I cannot understand why that object could not have been attained by developing the tanning and leather industries in this country, if necessary even with Government help. Instead of that, the extraordinary step has been taken by the Government of giving a rebate of 10% to parts of the British Empire, thus placing them in a position of advantage over other parts of the world at the expense of India. The application to India in this indirect and peacemeal manner by a flank movement of the principle of the Imperial Preference is unjust, unfair and inequitable in the extreme. An important matter of policy of this far-reaching consequence and so indissolubly connected with the future progress of the industries of this country, ought never to have been brought forward before the Council in this indirect manner. It should have been placed before the country as a direct issue for its consideration and opinion, as all questions of this magnitude are or at least ought to be. As it is, the country is thankful to Pundit Madan Mohan Malaviya and Mr. Sarma for the spirited fight that they put up against this measure in the Indian Legislative Council. I need hardly add that the whole question of Imperial Preference was thoroughly and carefully examined in the time of Lord Curzon from various points of view, and its

effects upon this country were very critically scrutinized and embodied in the dispatch of the Government of India dated the 22nd October 1903, issued in 1904. That dispatch has settled once for all, the question of the application of the principle of Imperial Preference to India by declaring itself emphatically against it. I am not aware of any substantial reason having come into existence since that time which can possibly justify any change in the attitude of the Government toward this question so far as it concerns India. Under existing conditions, the application of this principle to this country will be harmful to it in the extreme, as, in a word, it will mean the compulsory purchase by India of all her requirements of finished products from the costly markets of the United Kingdom and her colonies; and the equally arbitraty compulsion to India of selling her raw materials cheap to Great Britain and her colonies, the competition of the rest of the world both ways being closed. Your Committee have wired its emphatic protest against this measure. Even assuming for argument's sake that the application of the principle of Imperial Preference is ultimately accepted by the country as a whole, the extention of the rebate of 10% to British Colonies like South Africa and Natal which ill-treat our countrymen in their territories, is totally indefensible.

Another measure of an equally sweeping character which the Government in their wisdom have recently imposed on this country, is the prohibition of the free import of dye-stuffs from any part of the world other than the United Kingdom. No explanation has been offered to the public in defence of this extraordinary measure. War-conditions having ceased there is absolutely no justification to my mind for an unprecendented step of this character; and if we are to be frank, there seems to be no reason for it but that of giving a sort of mono-

poly and preferential treatment to the British Dye-Industry at the expense of this country, and its trade and industries. Unless there is some other reason at the back of this measure, this country is entitled to come to the conclusion that its trade and industries are being unmercifully sacrificed at the altar of Imperial exigencies. Your Committee have sent an emphatic protest against this measure also; but have so far not received any reply to it.

Among the many difficult problems brought into existence in consequence of the special conditions produced by the war, the commandeering of many of the articles required for war purposes was not the least; and we declare with pride that so far as this country is concerned she readily and ungrudgingly gave at the call of duty, of her best in the service of England and her Empire, in the shape of men, money and material. You all remember how foodstuffs and other articles of human consumption and indispensible for every day use were also freely commandeered by the Government for war purposes thereby bringing about a condition of dearness and scarcity of many of the absolute necessities of life in the country itself, which in its train has been productive of no small measure of suffering and misery. In times of war, the country thought it wise not to raise any objection to the measures thus adopted, even though they had caused not a small amount of privation and suffering to its inhabitants. Now however that war conditions are no more, it would help considerably to restore confidence in the good intentions of the Government if a statement is published for public information, giving the exact quantity of the different kinds of foodstuffs commandeered during the period of the war, the price at which the different kinds were paid for, the price at which they were sold, the purpose for which they were thus commandeered and the uses to which they were put; and important information of a

similar character. To my mind, such a step is very essential in the interest of the Government itself, as there is a very strong impression prevalent in the public mind, that grain and foodstuffs of different kinds were forcibly removed from this country for use not only on the scenes of war but also for the benefit of other parts of the Empire at prices far below their current market rates and in quantities which were far in excess of the usual quantities normally and voluntarily exported from this country. I am not aware of the publication of any such detailed statement by the Government upto now, and I hope that one will be published before long.

Another measure of a drastic character, which was brought about by war-conditions, was the raising of the rate of exchange between the United Kingdom and India. You are all aware of the details of this question as also the various stages through which it has passed before reaching its present level of two shillings. It is therefore unnecessary to go into the details thereof. The views of your Committee on this important and complex question are embodied in a memorandum which they have forwarded on your behalf to the Currency Committee, now sitting in England. It can not be denied, that the question is a difficult one; but I cannot understand why the gold Reserve Fund in England which was accumulated out of the profits of the mintage was not utilised in the first instance to neutralise the effects of the rise of silver upon our exchange. I also cannot understand why if an arbitrary rate of exchange had to be compulsorily fixed, Gold was not allowed to be freely imported into this country at that rate of exchange, and how it can be argued that the restrictions on the import of gold and silver into this country were imposed merely as the result of the difficulties arising out of the exchange or solely in the

interest of this country. I should like to ask a plain question:—What would have happened if India had been an independent country, and the trade relations between it and the United Kingdom were exactly the same as they are now? Would the Government have dared to think of wiping out the balance of trade in favour of India in the artificial and arbitrary manner in which they have done at present? The present situation in plain terms comes to this:—That the United Kingdom wants our raw materials and does not wish to pay for them or at least wishes to pay as little as possible for them. That in a nutshell, gentlemen, is the sum total to my mind of the entire currency and exchange policy followed in this country during the period of the war and persisted in since, which is responsible for the currency muddle that has followed. It is not a policy of frank and open statesmanship; and it is to be regretted that such unfortunate measures should have been resorted to by England at a time when India whole-heartedly and spontaneously went to her aid in the darkest hour of her trial.! In any case, it would have been wise not to interfere further with the exchange question until the report of the Currency Committee was out. That was the least that we were entitled to expect. It was also necessary to take steps to ensure stability; and with that end in view, a declaration of the policy of Government, which would hold good at least for some length of time, was absolutely necessary. Such a demand was made from more than one quarter in the country, but has not been taken the slightest notice of, till this moment. In its absence, a feeling of extreme in security prevails in the country; no one knows exactly where he is and what he should do. The trade and industries of the country have suffered in consequence, and there is stagnation in many of the important markets, which, unless immediately remedied, threatens to develop into a crisis.

Mr. Chairman and Gentlemen, if you will look at the Indian budget for the current year introduced in the Imperial Legislative Council in March last, you will find that out of a total Imperial revenue of £ 85 million, £ 44 million or 51 per cent of the total were swallowed up by the military department for its normal expenditure; £ 12 millions, or 14 per cent. of the total, were swallowed up by the special contribution towards expenses; thus leaving only 35 % of the total, for all the important constructive and legitimate needs of the country, which include among others, such important items as Irrigation, Education, Sanitation and so forth; to say nothing of the permanent load of what are known as the home charges which have also to come out of this balance. You will thus see, gentlemen, that under such a system as prevails at present, even the reformed Councils will not be able to do much for the development of our industries. The fact is, Mr. President, that the Government of this country is much too costly and extravagant for its resources. It is top-heavy, and unless it is radically overhauled from top to bottom and the principles which guide it are thoroughly revised, I for one am very apprehensive of the future of our industries. A country so situated and with such scanty resources even for its legitimate means and requirements, with a per-capital income of £ 2 a year, would have hesitated to offer a contribution of a hundred million pounds which until recently would have been equal to a year's income. But the Imperial Council in its wisdom thought otherwise; and voted away that huge sum which has meant additional taxation in the shape of super and other taxes on the already slender resources of the country, for a period of close upons 20 years. That contribution, gentlemen, though well-meant was a blunder and amounted, to the pawning away of the resources of the country for such a long period. But I have no patience with those who asked the Legislative Council for another contribution, which to our shame, I must confess, was

blindly voted away by our own representatives in the Council without an adequate sense of their responsibility and without in the remotest degree paying the slightest attention to the urgent needs and requirements of the country which must in consequence stand indefinitely postponed. The manner in which the onus of that imposition was thrown upon the Indian members and the consequent thrusting of the excess profits tax on this country are events which are too recent and too well known to you to need recapitulation at this stage. But I shall say this that these two contributions and the taxation necessstated by them have so far tried the resources of this country, that it would be next to impossible for the ministers of the future, be they Indian or English to find the necessary money for constructive, educational, sanitary and other schemes which are so absolutely necessary in the interest of the country.

Gentlemen, as the Chairman has told you, your Committee are moving in the direction of securing for the Chamber a suitable building where it can be located and properly equipped, and I echo the hope expressed by the President that the efforts of your Committee in that direction may be crowned with success in the current year.

I take this opportunity of thanking you Gentlemen, for electing me your President for the current year. I also thank you Sir, for the kind manner in which you have alluded to my work in your absence.

With these words, gentlemen, I have great pleasure in seconding the adoption of the Report for the past year, moved by the President.

Speech by Hon. Mr. Chunilal V. Mehta.

GENTLEMEN:—

I have much pleasure in proposing the adoption of the Report for the year 1918-1919, being the twelvth year of this Chamber. A synopsis of the activities of the Chamber during

the year is already circulated amongst you for your information, and the volume giving all the detailed activities will be published as soon as possible. I shall touch on the sailent features of the year in my speech. It is natural for each retiring Committee to feel that the activities with which they were concerned during their official period were some of the most important with which the Chamber has been engaged since its establishment. You will, however, concede that I am not actuated merely by this sentiment when I say that a special importance is attached to the activities of the Committee which will retire from their official position to-day. The European Armageddon which was attended with so much devastation, and destruction, and dislocation of trade and industry came to a sudden close fortunately last November, ending in the allies' complete victory, such as was beyond, perhaps, the expectation of the most optimistic. The labours of the Committee extended over the most trying period of the War, and was continued after the cessation of hostilities and the signing of peace, when problems have arisen which are no less complex and difficult of solution than those of the war period. Our first duty is a heartfelt thanks-giving to Providence for the fortunate cessation of the bloodiest conflict in the world and congratulations to the empire of which we are a part. The next is a preparation for and an earnest endeavour to apply ourselves to the adjustment to the new and almost strange conditions of peace.

The whole of India has felt a thrill of joy at the victorious issue and has already tendered its thanks to those responsible for the brilliant success which has greeted the allied arms. The period between November 1918 and June 1919 was necessarily a period of transition and uncertainty and during this interregnum, in the beginning at least, there was a heavy depression in trade circles, natural because of the suddenness

of the end. The depression however did not last long and there was a reaction in the form of a boom in trade and industry, the hampering factors being in this country famine conditions, want of shipping freight and difficulties of Railway transport, attended latterly by the complication of the exchange problem. Notwithstanding these adverse factors, the reaction after the war conditions has taken the trade and industry to the crest of the wave of an almost unprecedented character which has now assumed such proportions as to lead wise heads to fear that we are being driven to the vortex of speculation which marked the period well-known as the share mania. Though the comparison may be far fetched in view of the absence of bogus flotations which characterised those wild days, great care needs to be taken by the new industrial ventures and the leaders of industries and the share markets, that no encouragement is given to the frenzy of speculation, which may result in a disaster involving the public and specially the poor and the middle classes in ruin and inflicting a great set-back to the trade and industry, which we are anxious to develop, now that the war conditions have ceased. In view of the undesirability of the Government interference by legislative action, there is a cry from certain quarters for legislation in this connection but my personal view is against any such interference by legislative measures in the development of trade and industry. It is only by the cultivation of moral sentiment and public opinion that the dangers can be guarded against.

It would have greatly helped the present industrial activities if action had been taken already by the Government on the Report of the Industrial Commission, and it is to be hoped there will be no further delay. The coming political reforms and the industrial reforms are more or less allied together. There are two conditions which I consider necessary for the success of the measures which Government may undertake with regard

to the development of industries and they are, that in all the provincial administrations the portfolio of trade and industries should be assigned to an Indian Minister and that fiscal autonomy should be given to India. With regard to this fiscal autonomy you must have seen the action taken by your committee regarding the recent amendment in the Indian Tariff Act, which laid a duty of 15 per cent. on the export of hides and skins, but provided for a rebate of ten per cent. for the exports going to parts of the British Empire. Your Chamber has been insisting for years past on the necessity for the declaration on the part of the Government of a definite policy regarding tariffs. Not only that but both the political and Commercial communities pressed on the attention of the Hon'ble Mr. Montagu and His Excellency Lord Chelmsford the urgency of giving to India the power of adjusting her own tariff, without which the constitutional reforms alone would hardly attain all their utility. Notwithstanding this unanimity on the part of the public nothing apparently has been done in this direction, and in the meanwhile, the Government of India without any declaration of formulation of a definite tariff policy jumped up on the rebate with the protection duty on the export of hides and skins. Your Committee have approved of the protective duty as it will help the development of the industry, but otherwise they have protested against the policy of a rebate, which is nothing else, but the introduction of the so called preferential tariff within the British Empire by means of a flank movement. The solution of such a weighty and pregnant question as the adoption of a particular tariff policy for India should not have been undertaken in this way. You will remember how it required an arduous campaign of about three or four years for the late Mr. Chamberlain to place his tariff views before the British Electorates. Instead of raising a direct issue before the public or even before the Imperial Council the Govern-

ment of India have introduced a revolutionary principle in the tariff through a slight amendment of the Indian Tariff Act. The public should have been given a chance of freely expressing its opinion in this important question of the Imperial Preference. No colony has yet shown the slightest inclination to treat India as an equal partner in the Empire nor to give her preferential treatment in regard to tariffs. The Commercial community of South Africa is trying its level best to oust the Indians from whatever small rights and privileges they have enjoyed and a conference of the leading Chambers of Commerce and others has already established an anti-Asiatic League. It might be said that Government have only taken the power of giving rebate to whatever part of the Empire they like and that they may refuse to give the rebate to a colony like South Africa. But Government may find themselves unable to resist the pressure that may be brought on them and the concession might be extended to even these parts of the British Empire who do not care if they treat Indians as pariahs of the Empire. It is because of these reasons that we will demand fiscal autonomy which will at least enable a definite policy to be formulated, though, as long as the constitution of the central Government remains as it is, there is not much hope of Indian feelings and sentiments influencing such a policy.

A proper currency system is the very breath of life of Commercial Community and it is regretable to find that for months past the Secretary of State has been playing with this question. The appointment of the currency Committee led us to hope that the exchange would be steady till at least the publication of the Report. Merchants have been kept in a state of greatest uncertainty by the constant rise in the rate of exchange. A long vacation has however intervened in the labours of the Committee and

the Exchange has in the meanwhile gone merrily up from 1*s*-8*d* to 1*s*-10*d* and then recently to 2*s*. The export trade has to bear heavy losses and a large curtailment has taken place in our exports which will mean ultimately a loss to the agriculturists. It is said that the agitation against the rise in exchange is set up by exporting houses and by middlemen who alone stand to lose heavily and that the agriculturist will have the time of his life in having cheap prices all round. Such a theory however is fallacious, for, the exporting houses and the middlemen will arrange any how to get their profits, but the blow will really fall upon the agriculturist, whose export staples have already gone down in price. Not only this but it is problematical whether there will be proportionate reduction in the prices of imported articles, for, as far as is known manufacturers in Western countries have already begun to put up prices, in view of the rise in Exchange here. The embargo on the imports of gold and silver should have been removed long ago, and though the Government have begun selling gold, this method will not help in easing the exchange situation, as it should have been, if gold had been allowed to be imported through the usual trade channels. Your Committee suggested in their representation to the Currency Committee the issuing of a three rupee coin with a small percentage of silver if all the other expedients failed. It is also a matter for consideration, whether a beneficial effect on the price of silver and the cornering which is believed to exist in the silver market cannot be produced if the Government of India took power to suspend temporarily encashment of notes if the situation became too difficult. Every one is anxious to obtain some stability and we are awaiting with the greatest interest the Report of the Committee.

From the time the Rt. Hon'ble the Secretary of State and His Excellency the Viceroy made their historical pilgrimage throughout India to consult public opinion regarding the

Reform Scheme, your Committee have taken a lively interest in the deliberations so far as the representation of Indian Commerce in both the Imperial and Provincial Councils was concerned. It is gratifying to find from the Report of the Southborough Committee that one seat has been alloted to our Chamber by them on the Provincial and Imperial Councils. May we hope that the new constitution of the Bombay Municipal Corporation in whom Government have reserved to themselves the right of nominating 20 members they will allow a suitable number to be elected by this Chamber ? During the coming times we all expect a speedy and large development of Indian trade and industries and there will come up several questions, which will demand discussion not only in the Local but in the Imperial Council. Just as we ask the Government for a greater recognition of the claims of the Indian Commercial community for representation on the Councils and other public bodies we must recognise our responsibilities also in the same proportion. It is as a step towards this direction that recently you all supported your Committee in the redrafting of rules and regulations which provided for an increased subscription and certain other changes which are calculated to give a greater strength and weight to the deliberations of your Committee and to impart a greater influence to this public institution which has got now a definite place of its own in the public life of the country.

The responsibilities of the Committee will surely go on increasing with the large number of questions claiming their attention and I am sure I voice the feelings of the newly elected Committee when I say that they will be willing to take up any burdens which may be placed on them whether by the commercial community or by the Government. To Meet all these responsibilities you have provided for increased annual income which will secure a good staff and other essential require-

ments. In the near future I hope that the Chamber will have a permanent habitation of its own and this question will be one of the most important to be tackled by the new Committee. One of the most important works performed by the Committee during the year has been the overhauling of rules and the reorganization of its constitution and method of work by which we hope that there will be greater touch with the Merchants actually carrying on the multifarious trades of the City and the direct representation of their views on matters affecting their interests. From the next month the freshly constituted Committee will bring into operation the scheme providing for the various sub-Committees, which, trades which are represented on the Chamber by ten members or more will be asked to elect. This will lead to a closer co-operation and more effective discussion. The interest of various members of the Chamber in its working will be stimulated by the rule recently passed providing for quarterly meetings of the Chamber. I have to thank the several members who gave their valuable assistance in this matter of revision of rules.

I should express my deep thanks to Mr. Jehangir B. Petit who conducted the responsible duties of the Chairman during my absence in England for about three months and I congratulate him on his election as Chairman of this Chamber for the new year, which, I hope, will be fruitful of much work. I also congratulate Mr. Warden on his election as Vice-Chairman of the Chamber.

I wish to take this opportunity of expressing my thanks to the staff for the able and willing manner in which they performed the work which, they were oftentimes called upon to do. I am glad that we have been able to secure again the services of our valuable Secretary Mr. Mehta. You are all aware how ably he has carried on the work of the Chamber in the past, and with the added experience which he has been able

to obtain at the Munitions Board in Simla which requested us for the loan of his services, I am sure he is an acquisition to the Chamber.

I wish a new year of manifold activities to your new Committee.

Speech by Mr. Warden.

In thanking you for the honour you have done me in electing me as your Vice-President for the ensuing year I need not say more than to assure you that as I have done for the last 10 years and upwards I will give my best services to the Chamber and thus help it to have a still wider and more useful scope of work in the interests of the Indian trade and towards improving the economic condition of India.

Looking to the activities all around I have full hopes that in course of time this Indian Chamber will be able to be of considerable help to the Government in the best interests of India. It is a matter of sincere thankfulness that the Imperial as well as the Local Government have aways given patient consideration to all matters which this Chamber has represented to the Government from time to time as also the replies which the Chamber has given to the Government on all questions submitted to the Chamber for their consideration.

The interchange of views with responsible officers of the Government have greatly helped in clearing up many disputed questions regarding the internal as well as the foreign trade of India. Leaving aside some of the most disputed questions it may safely be hoped that with the Reform Bill when passed, India will have a brighter prospect before it as a recognised partner in the great Imperial Confideration. It is therefore necessary for all Indians of different shades of opinion to unite together to work for the advancement of the commercial welfare of India, for as it has been well-said "Commerce is the backbone of a nation."

Speech by Hansraj Pragji Thakersay.

MR. PRESIDENT AND GENTLEMEN,

I have great pleasure in supporting the 12th report ot the working of our Chamber which has been placed before you for your acceptance. You will find from the Report, that our Chamber has been able during the year under Report to do substantial work through communication both with several departments of Government and other institutions of public importance. Since its establishment, questions of varied nature in connection with the interests of Commerce have been brought before our Chamber which have been ably dealt with without its rights being in the least affected.

It is refreshing to every heart, that the *European struggle* which broke out in 1914 is over. It had its influence on the economic conditions of almost all countries and much more of India, which helped England as a part of British Empire to come out triumphantly. During the period of war most of our Commerce was in state of dislocation, the reason whereof is to be mainly attributed to the lack of transport facilities and Government control of certain necessary materials which were not allowed to move freely from one province to another. This abnormal condition gave rise to several hardships to which mostly the poor and the middle class were subject. The failure of the monsoon aggravated the grievances which would have rendered the existance of the poor precarious, but for the timely and adequate relief imparted through the commendable working of the Famine committees started in different parts of the country. The present year seems to have dawned with happy auguries. The announcement of peace and favourable monsoon revive the hope of conditions being soon normal. During the four years of War, if we compare the industrial progress of India, with that of other neutral nations we connot but admit that India has lagged far behind our expectation.

The great manufacturing countries of Europe being involved in War, neutral nations had an opportunity to capture the commerce of the world and increase their national wealth. India immensely less in comparison with these had also a distinct advantage on her side. It is a general belief in the land that our country has prospered much during the war time. This economic proposition is of a debatable nature and even the wellknown economists are not unanimous in their verdicts. The simple truth of economics, that the country whose exports exceed its imports is considered prosperous is known to all, but another sipmle truth that the country which instead of exporting raw materials turns them into manufactured articles for her own use and exports its surplus grows wealthy is not to be lost sight of. In this respect there is a very discouraging outlook if we examine the conditions of India. The plenty of her raw materials create a favourable balance of trade but she has to depend very largely upon foreign Manufactured stuff, to meet her own necessity. The illustration I would like to give is with regard to cotton the export of which counted at one million candies calculated at Rs. 500/- per candy would be worth fifty crores of Rupees while the same cotton when being reimported in its manufactured form costs India nearly Rs. 100/- crores. This process holds good in the case of almost all raw materials including cotton, castor seed, linseed and others. There are various standards to judge the wealth of a country and one of them is the productive efficiency of its workmen. The country which has its trained efficient and organised labour is considered economically well advanced. In this connection the example of Australia supplies very valuable lesson to the backward countries of the world. From the point of view of productive efficiency if we look to the conditions of labour in India the signs are far from encouraging. The charge levelled against Indian capital for its timidity can be very well repudiated by the evidence of the growth of new commercial and industrial

concerns in Bombay, Calcutta and elsewhere. It is a good sign of the time that India shares in the view of economic regeneration with other countries of the World. In the midst of these circumstances people are occasionslly asked by their well wishers to think deliberately before they invest their capital in new floatations. This warning is not without its truth. At the advent of the economic reconstruction certain actions of the people may look adventurous but these adventures I hope will result mostly in the future prosperity of the country. However promising the vision may appear India should not forget that she shall have to meet with very keen competition at the hands of foreign nations in near future and unless she pursues the policy of diligence and perseverence there is a probability of its interests being vitally affected.

Gentlemen. I wish to draw your attention to two or three important questions first of which is in connection with cotton. Last year when cotton speculations grew wild and the prices reached their climax Government was approached to by certain institutions with a request to intervene and settle a course of conduct which would check the speculative tendency in the Market and put the business on a satisfactory basis. The Government on the return of Mr. Noel Wilkinson who had been sent to study the question of clearing house system at Liverpool, established a clearing house and a cotton control committee. The notice which led the Government to adopt this measure it seems is not realised and the baneful influence of speculation in cotton is all the more powerful and the prices of cotton instead of being regulated by the law of supply and demand depend largely on the will of big speculators. The establishment of the clearing house has failed to achieve to the extent it anticipated. Fortnightly settlement instead of mitigating has intensified the speculative tendency in the market which can be witnessed by settlement account in hundreds of thousands.

The next hint with ragard to cotton is about the adulteration-mixing of inferior quality with cotton stuff growing in the Surat District. Sometime back the Hon'ble Mr. Purshottamdas Thakoredas had discussed this question through his letter in the "Times of India", but I think no notice has been taken of this undesirable practice. I am not here to tell you who is to blame for this adulteration, but it being to the distinct disadvantage of the manufacturer. I hope our Chamber would seriously consider this question.

The next question of paramount importance which is being discussed for the last few weeks throughout the country is in connection with indian currency and rate of exchanege. Since 1894 the currency problem has been growing more difficult and complicated. The Government in order to arrive at a satisfatory solution went on appointing commissions under Mr. Herschell, Fowler and Mr. Chamberlain respectively Various suggestions were made by these commissions. but we do not know how far the solution of the problem has been successfully offected. The closing of Indian Mints for free coinage may be looked upon as a landmark in the currency History of this Country. This measure had both its advantage as well as disadvantages, but one thing is certain that, it has not been able to satisfy the needs of the public. The fixed rate of exchange at 1*s*-4*d* was thought desirable and as long as this fixed standard continued Indian trade went on smoothly and peacefully. But since the ratio of 1*s*-4*d* has been changed and made to jump to 1*s*-6*d*. 1*s*-8*d*. 1*s*-10*d*. and at present 2 shillings, the trade interests of our country are much disturbed and the state of equilibrium is upset Several remedies to ease the situation have been suggested. to the Government through diverse public institutions, and we await with eagerness to see what decision Government arrives at after hearing the public as well as the currency commission suggestions.

It is argued by some that the rise in exchange follows the rise in silver and this argument is partly true. Government as we learn has ceased buying silver and has a large quantity of gold which if freely imported into India would I believe go a great way in facilitating the situation.

Some are of opinion that Government should freely issue currency notes and declare them to be inconvertible for the time being, but this opinion would not be a weighty one before the Indian public most of whom consider precious metals as their wealth, and if notes are declared inconvertible the credit of Government cannot go without being questioned.

To my mind there is one way of popularising the currency notes and that is when the Government makes it compulsory for the cultivators to pay their Revenue dues in currency notes and not in Rupees. The evil practice of discount on currency notes will be gradully abolished and the confidence of the farmers will grow firm in the paper money.

Let us hope that Government in co-operation with healthy public opinion will try their best to ease and facilitate the situation which has grown serious on account of unexpected rise in exchange. We fear that if proper measures are not adopted to stabilize the rate of exchange and to check its further rise the commercial interests of the country would suffer and our industrial enterprise stands in danger of being beaten by foreign competition. I am glad that our Chamber has expressed its views and raised a protest against this policy.

The followings gentlemen also spoke.

1 Mr. Surajmal Lallubhai.
2 „ Narandas Purshottamdas.
3 „ Lalji Govindji.
4 „ Morarji Valji.
5 „ Chaturbhuj Karsondas Shroff.
6 „ Sorabji Edulji Warden.
7 „ Kekhushru Mancherji Cooper.

The result of the ballot for the Chairman, Vice-Chairman and Members of the Committee for the ensuing year was then announced as follows:—

1 Mr. Jehangir Bomanji Petit (*Chairman*).
2 „ Sorabji Edulji Warden (*Vice-Chairman*).
3 The Hon'ble Mr. Purushottamdas Thakordas, C. I. E.
4 „ „ Sir Fazulbhoy Currimbhoy Ebrahim.
5 „ „ Mr. Chunilal V. Mehta.
6 „ „ „ Lallubhai Samaldas, C. I. E.
7 „ „ „ Manmohandas Ramji.
8 Mr. Hansraj Pragjee Thakersey.
9 „ Surajmal Lallubhai.
10 „ Laxmidas Ravji Tairsey.
11 „ Vallabhadas Chaturbhuj Shivji.
12 „ Motilal Vallabhji.
13 „ Vithaldas Damodar Govindji.
14 Sir Vithaldas D. Thakersey, Kt.
15 Mr. Motilal Kanji.
16 „ Gulabchand Devchand Zaveri.
17 „ Manu Subedar.
18 „ Devidas Madhaoji Thakersey.
19 „ Phiroz J. Billimoria.
20 „ Jethmal Narandas.
21 „ Fazal Ebrahim Rahimtulla.
22 „ Girjashanker B. Trivedi.
23 „ Mansukhlal Atmaram Master.
24 „ Mavji Govindji.
25 „ Lalji Govindji.

REPORT OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU FOR THE YEAR 1918-1919 TO BE PRESENTED TO THE GENERAL MEETING TO BE HELD ON TUESDAY THE 30TH SEPTEMBER, 1919.

Your Committee have pleasure in presenting the Twelveth Annual Report to your Chamber. During the course of the year 29 meetings were held, the work done being of a varied and important nature.

The principal subjects discussed were:—

1. **Control of Cotton:**—A letter was received from the Government of Bombay requesting the opinion of the Chamber as to whether restrictions should be imposed on cotton during the reconstruction period and what form such a control should take if it was considered desirable. The Committee observed in reply that it was essential that in bargaining with enemies and negotiating with the Allies and in ascertaining preferential treatment with other parts of the Empire—if this was at all to be necessary the interests of India should be given first consideration separately by herself and not merely as a portion of the Empire. They approved of the general principle of licensing of cotton exports but mentioned

that India's requirements should be first fully satisfied, and that in order to secure equitable treatment licences should be given freely to all exporters within the quantities specified for export to each country. Prices should in no cases be fixed, however, and Government should not intervene in regard to cotton prices unles it was feared that by the system of licensing cultivators were not receiving fair prices. If the United States of America would not agree to take the restrictive measures, licensing in this country should only be undertaken if on account of the shortage of the crop, India's own requirements demanded it. India should be left free to export to all places from which demands mostly arise.

2 **Excess Profits Duty**:—The memorandum of the points regarding the proposed Excess Profits Duty discussed at the informal meeting held at Simla on the 23d September 1918 was placed by the Hon'ble Sir Fazulbhoy Currimbhoy before the Committee for consideration. The Committee sent a representation to Sir William Meyer, the then Finance member of the Viceregal Council, drawing his attention of the fact that having regard to the prospects of an early peace the expenditure outlined by him might not be required and that in that case they would respectfully request the Government to drop the duty altogether. The Committee added that if the expenditure had to be incurred and the Excess Profits Duty levied it should be on the lines suggested by them in their representation. The main lines were (1) That provision should be made for payment of the Excess Profits Duty by four instalments. (2) The exem-

ption limit might be put at Rs. 50,000. (3) The calculation for normal expectation of profits might be made on the average of profit of any four best years to be selected by the assessee out of a series of previous years from March 1912 to March 1918. (4) As an alternative the assessee should have an option of calculating his profits at a fixed standard of 15% of the capital including Reserve Funds and paid up capital except debentures, loans and credits. (5) All firms whether they have their head offices in England or Indian States should be assessed, and should pay their duty in India, and that (6) the principle of adjustment as provided in the Income Tax Act should be recognised for purposes of this duty.

3. **Priority Committee:**—The Committee nominated Sir Vithaldas D. Thakersey as their representative on the Priority Committee in place of the Hon. Mr. Manmohandas Ramji who had resigned.

4. **Short-landed Packages:**—A letter was received from the Collector of Customs wherein he observed that it was the practice in the Bombay and other Customs Houses in cases in which packages which were shortlanded were included in the import manifest of a vessel, the bill of entry put in and the duty paid, to give importers the option of either claiming the refund in the shortlanded packages within three months or of passing such packages free of duty when they subsequently arrived by a later vessel provided this was done within three months. It was observed that this system did not appear to be legally correct and involved some risk to Government revenue as the value of the goods might in the

meantime have increased or the rate of duty changed. The Committee were asked whether the procedure had been found so advantageous that its abandonment would cause serious inconvenience. The Committee in reply stated that until the system of refund which was full of complications involving tedious details of routine and delay was improved the present system of giving option should not be discontinued. The Committee were informed later on that from the 1st November 1918, the system hitherto followed of allowing free entry on goods shortlanded by one vessel and subsequently brought by a later vessel would be discontinued.

5. **Cotton Contracts Control Bill**:—The Committee though that they were not consulted with regard to the Cotton Control Bill, sent their protest against the procedure as well as the principles of the Bill. It was pointed out that this Bill which involved ordinary legislation in regard to the practice of the cotton trade had not been referred to the Chamber or various bodies interested in the cotton trade for their opinion before being placed before the Legislative Council. The committee as a general rule disapproved of Government interference in matters of trade but if in the opinion of the Legislative Council it was required in this instance Committee could not countenance the constitution of a Board in which the control was left in the hands of members nominated by Government. The control should be vested in a body elected by the trade themselves.

6. **Address to His Excellency Sir George Lloyd**:—The Committee presented an address to His Excellency Sir Geogre Lloyd, the Governor of Bombay on his arrival here.

7. **Representation of the Commercial Community on the Imperial War Cabinet in connection with the Peace Conference**:—The Committee approved of the appointment of Sir S. P. Sinha and the Maharaja of Bikaner as representatives of British India and Indian States in the Imperial War Cabinet in connection with the Peace Conference but submitted to His Excellency the Viceroy by a telegraphic representation that there was a great need of having adequate representation from among the Indian Commerical Community to safeguard the interests of Indian trade and Industries.

8. **Armistice Celebration**:—The Committee sent a telegram to His Excellency the Viceroy on the 27th November 1918 conveying congratulations of the Chamber on the victory of the allied arms and the universal feeling of joy from the Indian mercantile community at the happy result.

9. **Provincial Insolvency Act of 1907**:—The Bill to amend the Provincial Insolvency Act III of 1907 was referred to the Committee of the Chamber for their opinion. The Committee generally approved of the provisions of the Bill.

10. **Revision of Tariff Valuation**:—Messrs. Motilal Kanji and Jamnadas Dwarkadas were nominated as the representatives by the Committee on the Revision of Import Tariff Meeting at the office of the Bombay Chamber of Commerce on the 20th November 1918.

11. **Depression in the Market**:—The Committee drew the attention of the Commerce and Industry Department of the Government of India to the extreme depression which prevailed in the business

world here especially in the Piecegoods market and feared that unless immediate steps were taken to give a tone to the market the situation would grow from bad to worse involving other markets too. The Committee thought there was one direction in which Government could help the commercial community and that was to release some shipping freight for the transport of goods to distant markets like Mesopotamia, Egypt and East and South Africa. They realised the difficulties of the present shipping situation which might continue for sometime more owing to requirements of demobilisation but trusted that in view of the commercial crisis Government would be pleased to provide transport facilties as suggested to some extent at least. The Government replied to this representation that the present shipping position especially in regard to movements of food stuffs rendered it impossible to take any special measures in the interests of the piecegoods trade.

12. **Trade facility in Mesopotamia:**—The Committee received inquiries from several members regarding trade facilities in Mesopotamia and requested the Commerce and Industry Department to send information on several points suggesting also that it would be helping the commercial community to a large extent if the information at the disposal of the Department were published in the form of a communique. The required information was sent by the Government and published in the journal of the Chamber.

13. **Committee to advise Government in Industrial matters:**—In reply to a letter from the Govern-

ment of Bombay requesting the Committee to nominate a gentleman to represent them on the Committee appointed to advise them on industrial matters, the Hon'ble Mr. C. V. Mehta was nominated by the Committee as their representative.

14. **The late Mr. Chaturbhuj Shivji, J. P.**—The Committee wrote a letter of condolence to the family of the late Mr. Chaturbhuj Shivij, J. P., who was a member of the Committee since the beginning of the Chamber on his Sad death.

15. **Interview with Sir James Meston, Finance Minister to the Government of India**:—The Committee of the Chamber had an interview with the Hon'ble Sir James Meston, Finance Minister to the Government of India.

16. **Interview with the Collector of Income Tax**:—The joint deputation of the representatives of the Indian Merchants' Chamber and the seventy-one commercial associations had an interview with the Collector of Income-Tax in connection with the form D., uuder the New Income-Tax Act, when after a long discussion an agreement was arrived at.

17. **Council Election**:—A letter was received from the Secretary to the Legislative Council of the Governer of Bombay inviting the attention of the Committee to Government letter, Legal Department. No. 1388 dated 18th December 1918, and inquiring whether the date, time and places proposed in the accompaniment to that letter whould suit the convenience of the Chamber. The Committee in reply understood that there was a proposal to

extend the period of the present Council and that if that was the case they would like to have an early intimation of the decision of the Government as to such an extension. If however the period was not to be extended the Committee approved of dates, time and places proposed. The period of the council was ultimately extended.

18. **Difficulties of obtaining small Currency Notes** :—A member of the Chamber drew the attention of the Committee to the great inconvenience and hardship that merchants had to suffer for obtaining small Currency notes from the Currency Office owing to large crowds collecting outside and suggesting that there should be separate entrance for those who required currency notes and those who required cash. The committee addressed the Accountant-General in this connection who was kind enough to make arrangements to allow all who required only currency notes to enter the Office by the southern door (the one near Marcks & Co.).

19. **Separate specification of Cotton waste** :—The Committee were informed by the Director of Statistics that necessary instructions had been issued to the Collectors of Customs in the different Maritime Provinces regarding the separate specification of Cotton waste in the monthly Sea-Borne Export Trade Returns from December 1918.

20. **Amendment of the Negotiable Instruments Act:**—A representation was addressed by the Committee to the Secretary, Legislative Department, Government of India, stating that their attention had been drawn to a case recently decided in the Bombay

High Court in which the presiding Judge held that under the Negotiable Instruments Act a cheque made payable to a particular party and with the printed word "Bearer" scored through was not a Negotiable Instrument. It was pointed out that this decision created a great confusion in the commercial transactions. For a very long time it had been the practice of the Banks in Bombay to deal which cheques payable to a specified person without the addition of the words "or Order" or "or Bearer" in accordance with the English Act that is as cheques payable to that person or his order. As this practice was universally followed throughout India the Committee considered it desirable that immediate steps should be taken to bring Section 13 of the Negotiable Instruments Act of 1881 into line with Section 8 Sub-Section 4 of the English Bills of Exchange Act in order to avoid further confusion in commercial and Banking circles. The Hon'ble Mr. V. J. Patel intraduced a Bill on these lines in the Imperial Council which was passed.

21. **Excess Profits Duty Bill**:—In reply to a letter from the Under-Secretary to the Government of Bombay, Revenue Department, enclosing a copy of the Excess Profits Bill for the opinion of the Committee, a representation was addressed to the Government strongly protesting against the said Bill.

22. **Classification of Cotton Twist and Yarn**:—The Committee received a letter from the Director of Statistics showing the present and proposed classification of Cotton Twist and Yarn in the Sea-Borne

Trade Returns and requesting the views of the Chamber on the proposed classification. They were requested to say (1) whether all doubles under Grey and coloured twist should be classified as unspecified descriptions without the details of counts and (2) whether there would be any difficulty in showing the number of counts under white yarns (doubles and singles) as under Grey and coloured yarns. The Committee stated in reply that numbers of different counts should be shown both with regard to itmes Nos. 1 and 2 and that with regard to proposed classification of cotton twist and yarn in the Foreign Sea-Borne Trade Returns they would like to have mule yarn and twist specified separately as also Grey and White, such a classification being of interest to merchants and manufacturers.

23. **Freight on Rice**:—The Committee sent a telegram to the Revenue and Agricultural Department of the Government of India thanking Government for reducing the freight on rice from Burma and Bombay from Rs. 55 to Rs 40 but stating that this reduction was not sufficient, and that the gravity of the situation demanded reduction to Rs. 20.

24. **Proposed establishment of a Service for the collection of trade charges on parcels exchanged with the United Kingdom**:—The Committee were asked their opinion regarding the proposed introduction of a scheme for the exchange of value payable parcels between the United Kingdom and India. In reply they fully endorsed the view held by the Government of India that the adoption of the system would greatly benefit the Indian people at large. On account of the facility of the system of

direct dealings, the consumers in India of imported supplies would be in a position to get these cheaper as they would not have to pay any charges to middlemen, and direct transactions between consumers here and traders and manufacturers abroad would be facilitated and would increase with rapidity as great encouragement would be given to large establishments abroad to export their goods to this country under the facility offered by the system which would protect them from losses in the shape of non-payments by consumers to which they were liable under the present arrangements and also to local consurmers who could get their requirements from abroad without middlemen's profits and likelihood as under the present system of their remittances remaining unresponded to.

25. **Election of a trustee of the Port Trust** :—Mr. Manu Subedar was elected as a trustee on the Bombay Port Trust.

26. **The Franchise Committee** :—The Hon'ble Mr. C. V. Mehta, Chairman of the Chamber was examined as witness by the Franchise Committee with regard to (1) whether this Chamber desired a continuance of present arrangements for representing on the Council the trade interests with which it was concerned or wished to put forward any alternative proposals for the representation of those interests and (2) how far this Chamber was really representative of the trade interests with which it was concerned.

27. **The Medical Services Committee** :—The Committee were forwarded a set of questions by the Medical Services Committee and were requested to send

their written evidence and also arrange for their representative being examined as a witness by the Committee. The Committee sent their written evidence but were not able to send any representative for purposes of oral evidence.

28. **The Bombay Disqualification of Aliens Act 1918:—** A letter was received from Secretary to the Government of Bombay, General Department, stating that under section 19 (4) of the City of Bombay Municipality Act, 1888, a Company might be enrolled as a voter and under section 14 (2) and 19 (11), and (21) persons might be entered into the voting lists as representatives of firms Joint Stock Companies and Corporation for the purposes both of voting and membership. Government were advised that the provisions of the Disqualification of Aliens Act 1918 did not apply to such firms, Companies and corporations. In order to carry out the intention with which the latter Act was framed it was necessary that firms etc., which were Alien in character as well as individual aliens and also persons who, although not aliens themselves, represented alien firms should be disqualified. A draft of the amendments which had been prepared for the purpose was sent to the Committee for their opinion. The Committee in reply stated that they had no objections to the amendments suggested.

29. **Hardship suffered by Passengers of S. S. Taroba (Voyage 213):—** The Indian National Association Zanzibar, in their letter of 22-2-19 drew the attention of the Committee to these hardships. The matter was placed before the Committee and

under their instructions the Secretary saw Messrs. Mackinon Mackenzie & Co., who are agents of the Steamer Company. A Sub-Committee later on visited the steamer and saw the arrangements. The Company made some improvements and the Committee wrote to Messrs. Mackinon Mackenzie & Co. regarding other hardships.

30. **Cotton adulteration in Surat District:**—The Hon'ble Mr. Purshottamdas Thackoredas wrote a letter to the press on this subject and the Ahmedabad Mill-owners' Association wrote to this Chamber in support of suggestion contained in the said letter. The Committee addressed to Government on this question.

31. **Railway Concessions:**—Mr. Gopalji Kalianji wrote to this Chamber desiring that Government should be moved with a view to obtain the renewal of certain Railway concessions which were discontinued on account of the war. The Committee addressed Government on this question, requesting a reduction in train fares for third class passengers, renewal of the facility of return tickets for first and second class passengers and removal of surcharge Tax. The Railway Board stated in reply that owing to depletion of railway recources and the time it will take to raplenish them the Railway Board cannot at present see their way to asking Railways to revert to pre-war rates. The question will however be considered by Railway administrations when they meet in conference in October. It is not possible to say when the surcharge on goods traffic imposed primarily as a war measure will be removed.

32. **Small Notes** :—Mr. Gopalji Kalianji requested this Chamber to write to Government with a view to obtain discontinuance of small notes. The Committee did not like to take any action thereon as it understood that the Government is considering the question of using better paper for these notes.

33. **Inland Parcel Rates** :—In response to a request from the Mysore Chamber of Commerce this Chamber supported their representation to postal authorities to reduce the enhanced rates for Inland parcels. The Government complied with the request to some extent.

34. **Control of Trade in foodstuffs** :—The Committee of this Chamber carried on a lengthy correspondence with the Government on this subject and the latter have supplied the Chamber with details showing the trade in foodstuffs as now controlled. As suggested by this Chamber the Government issued a press-note on this matter.

35. **Tariff Valuation** :—The representation of this Chamber on the Tariff Revision Committee was by experience found insufficient and formed the theme of a representation addressed to Sir Thomas Holland, Member of the Government of India, in charge of Commerce and Industry Department. In reply the Government of India considered that there were obvious advantages in a joint conference between the Director-General, the Bombay Chamber of Commerce and the Indian Merchants Chamber and that they were not disposed to distrub the principle of existing arrangements. The question remained, it was further observed by Government, whether for practical purposes the

representation accorded to the Indian Merchants' Chamber at the Conference was sufficient. It was stated that any representation received with the views of the Local Government would be placed before the Honourable Sir George Barnes. A further representation was sent to Government.

36. **Double Income Tax** :—A Commission has been appointed in England to consider this question and the Government of India invited the opinion of this Chamber. A representation stating fully the views of this Chamber was thereupon prepared and has been submitted.

37. **Marseilles British Chamber of Commerce** :—We received a copy of their Articles of Association through the Director-General of Commercial Intelligence and their journal. Attention of members of this Chamber was drawn to the same.

38. **Indian Currency** :—Mr. Manu Subedar was appointed a deligate to go to England and represent this Chamber as a witness before the Indian Currency Committee which has been appointed in London by the Secretary of State for India, and a representation embodying the views of the Chamber was submitted to the Government.

39. **Protests against rise in Exchange** :—Telegrams were sent to the Government protesting against the raising of exchange rate for Council Bills to 1*s* 8*d*. and 1*s*. 10*d* in view of the injurious effects on the industries and commerce of India.

40. **Rules under Excess Profits Duty Act**:—These were drafted by the Government and sent to this Chamber for remarks. The Committee recorded them having no alterations to suggest.

41. **Railway Traffic between Bombay & Cawnpore:**—The Upper Indian Chamber of Commerce desired this Chambers' support to their representation to the G. I. P. Railway authorities in the matter of the mail train communication between Cawnpore and Bombay. The Committee gave the desired support. A reply was received from the G. I. P. authorities that nothing would be done at present in this connection.

42. **Difficulties of Indian Industries & Trade:**—Mr. Bhailal Amin of Messrs. the Alembic Chemical Works Co. sent to this Chamber a copy of his evidence submitted to the Economic Development Committee appointed by the Baroda State, and to the Indian Industrial Commission, and requested this Chamber to do the needful in the matter. A representation was addressed to Government.

43. **Revision of Railway Rates for development of Indian Industries:**—The recommendations of the Industrial Commission in this matter were objected to by the East India section of the London Chamber of Commerce who moved the Bengal Chamber of Commerce to get the views of the commercial community in India about the same. A reply was sent.

44. **Export Duty on raw hides:**—An export duty of 20 per cent. on raw hides is suggested by the Southern India Skin and Hides Merchants' Association. Details bearing on the question were asked for.

45. **Board of Referees under Excess Profits Tax Act:**—Being requested by the Government to nominate eight members for appointment on this board, the

Committee of this Chamber nominated the following gentlemen:—Mr. Jehangir B. Petit, Honourable Mr. Lallubhai Samaldas, C. I. E., Honourable Mr. Purshottamdas Thakordas, C. I. E., Mr. S. E. Warden, Mr. Manu Subedar, Mr. S. B. Billimoria, Mr. Motilal Kanji and Mr. Vithaldas D. Govindji.

46. **Trade between India and East Africa.**—Opinion, of this Chamber was invited in this matter with particular reference to certain proposals embodied in the letter from the Department of Commerce and Industries, Government of India. The reply of the Committee was sent.

47. **Complaints about the last Tariff Valuation of Sugar:**—The Burma Chamber of Commerce had raised this complaint and pointed out how under the present system sugar produced in foreign countries was given a better treatment than sugar produced in the British Empire. Their correspondence with the Government led to the result that the Director of Commercial Intelligence has been asked by the Government to prepare a note on the subject before the next revision of tariff valuation of sugar. Government sent to this Chamber a copy of the correspondence; the Committee resolved to record the same.

48. **Registration of the Partnership and Business names:**—The Government of Bombay have invited the opinion of the Committee regarding this matter which is being considered.

49. **The Trade Statistics:**—The Director of statistics requested this Chamber to submit suggestions as to the addition or removal of items in statistical returns about trade. The Committee after due

inquiry sent him a list of desirable alterations. Government have since then settled the items. A copy of the revised list of items was received from the Government and recorded.

50. **Tobacco Bill**:—Your Committee appointed a sub-committee to consider this bill.

51. **Hardships of passengers on board**:—A further letter was received from the Indian National Association, Zanzibar, regarding the treatment given to passengers on board the African steamers. With it was enclosed a copy of their correspondence with their Government. It was said therein that the East African Protectorate Government arrangements for the establishment of a quarantine station at Kalindow were postponed on account of the war and that an inquiry would be now made as to when these would be completed. Some further legislation was contemplated which would invest the medical officer with greater powers over the shipping companies in matters affecting quarantine. The Government also observed that it had been found difficult to extend the powers of the Health Officer without reference to other countries as quarantine regulations were based on international conventions but that in the meantime arrangements had been made to prevent unnecessary hardships.

A Sub-Committee of this Chamber is appointed to consider the matter.

52. **Maximum limit for claims for loss of goods**:—The Indian National Association, Zanzibar forwarded a copy of a letter addressed by them to Messrs. Mackinon Mackenzie & Co., with regard to the

maximum limit for claims of merchants and on account of loss of any single parcel. As requested this Chamber resolved to support their demand for raising this maximum limit to Rs. 750.

53. **Statistics about spirituous liquors**:—At the suggestion of Mr. B. D. Amin of Messrs. Alembic Chemical Works Co., Ld. it was resolved to recommend to the Government that statistics be collected to show how much of spirituous liquors was produced in each province of India.

54. **Industrial policy of Railways**:—One of the members of this Chamber Messrs Trivedi & Co. drew attention to the grievance of the Detroj Ginning Factory who has recently been deprived of the facility of a special gate on the station platform on the side of the factory. The Committee resolved to represent to the B. B. & C. I. Ry. authorities, that such facilities as were formerly given to the Detroj Ginning Factory should be continued and the Railway authorities should adopt the policy of helping as much as possible the development of industries in India.

55. **Stars from the Calcutta Mint**:—A communique was received from the Government about stars prepared at the Calcutta Mint. The Committee resolved to circulate it among the members.

56. **Advisory board for Income Tax**:—A letter was received from the Government of India giving information regarding the inquiry made by them as to the desirability of extending the informal employment of non-official agency for assessment of Income tax. The result of the inquiry was that the Government of India was against the employment of non-official agency.

The Committee recorded the letter.

57. **Protest against the Asiatic Land & Trading Amendment Act in South Africa** :—The Committee authorised the President to send a telegraphic message to the Government of India protesting against the Asiatic Land and Trading Amendment Act of South African legislature.

58. **Nickel coins**:—A letter was received from Mr. W. T. Halai requesting the Chamber to oppose introduction of four-anna & eight-anna nickel coins. The Committee recorded it.

59. **Department of Industries**:—The Government of Bombay did not consult the commercial associations before submitting their views to the Government of India as regards the recommedations of the Indian Industrial Commission about the formation of the Imperial and Provincial Departments of Industries. A representation to the Government was resolved upon.

60. **Election of a Port Trustee** :—Mr. Hansraj Pragji Thakersy is elected by the Chamber as a Trustee for the Port of Bombay during the absence of Mr. Manu Subedar.

61. **The State Bank**:—The Committee have requested the Government to invite public criticism from commercial associations before adopting any scheme of a State Bank.

62. **Honorary Vice Consul for Finland at Bombay** :—A letter was received through the Government of Bombay from the Consul General for Finland at London inviting applications for the post of the Honorary Vice-Consul for Finland at Bombay. It was circulated among members.

63. **Railway Traffic Conference**:—The Committee were invited to suggest subjects for discussion at the meeting of the Traffic Committee of the Indian Railway Conference Association to be held in October at Simla. The Committee have suggested the question of redressing the grievances of third class passengers and the question of Railway rates and surcharge.

64. **Embargo on imports of gold in India**:—Mr. B. F. Madan drew attention of this Chamber to a paragraph published in the Times of India about "gold agreement signed". The Committee resolved to address the Government to remove the embargo on imports of gold in India.

65. **Trade with East Africa**:—A letter was received from Mr. Biharilal N. Anantani, Asstt. Secretary, Indian National Association, Zanzibar, about steps needed to develop our trade with East Africa; the Committee resolved to have it published in the journal of the Chamber.

66. **War Notes & Notifications**:—From the commencement of the war Government have been pleased to keep your Committee in touch with all the important changes and modifications effected in the existing procedure regarding departments connected with trade and commerce. Important announcements regarding imports and exports, telegrams, shipping &c. have been forwarded to your Committee as soon as possible for information of the members of the Chamber. These have been regularly circulated through the monthly journal and also through special extra circulars. Your Committee beg to express their Thanks to the Government for their courtesy.

67. **The Journal** :—The monthly Gujarati journal of this Chamber is making a conticually steady progress and acquiring greater popularity.

68. **Membership of the Chamber** :—There were at the end of the last year 283 members. During this year 42 have joined and one member resigned having at the end 324 members.

69. **Balance Sheet** :—The Balance sheet of the Chamber audited by the Honorary Auditor Mr. Devidas Vithaldas is appended herewith.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Income and Expenditure Account for the year ending 31st August 1919.

Expenses	Amount. Rs.	a.	p.	Amount. Rs.	a.	p.
To Office Establishment Rent, Insurance Etc	7,153	7	11			
„ Address to the Governor of Bombay	287	12	0			
„ Postage and Telegrams....	470	3	9			
„ Bad Debts	37	5	4			
„ Miscellaneous Expenses	319	12	3			
„ Subscriptions to various journals, Books and Magazines	723	2	3			
„ Stationery	632	13	6			
„ Printing Chamber's Reports and Representations	1,410	12	0			
„ Printing Chamber's Journal	2,631	4	0			
„ Commission on Advertisements	442	0	11			
„ Carriage hire charges	91	8	0			
„ Furniture	216	6	0			
„ Commercial Inquiry	15	7	0	14,431	14	11
„ Balance carried forward 4% PortTrust Bonds at cost	2,025	0	0			
„ Cash with the Bank of India Ltd.	3,240	12	11			
(Including Rs. 1,175 of the Sir Ibrahim Entertainment Fund) ...						
„ Cash on hand	190	6	5	5,456	3	4
	Total Rs. ..			19,888	2	3

I have examined the above account of Income and Expenditure with books and vouchers of the Indian Merchants' Chamber and Bureau and certify the same to be correct.

DEVIDAS VITHALDAS,
Auditor.

Bombay 1st September, 1919.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Income and Expenditure Account for the year ending 31st August 1919.

INCOME.	Amount. Rs. a. p.	Amount. Rs. a. p.
By Balance Brought forward	.....	4,806 15 6
„ **Admission fees.**		
42 New members at Rs. 50	2,100 0 0	
Less three Admission fees outstanding	150 0 0	1,950 0 0
By Membership Subscriptions.		
„ 308 Town members (284 at Rs. 30 & 24 at Rs. 60)	9,960 0 0	
„ 5 Associations at Rs. 100...	500 0 0	
„ 11 Mofussil members (10 at Rs. 5 & 1 at Rs. 25)	75 0 0	
Total Rupees....	10,535 0 0	
Less. Subscriptions outstanding	620 0 0	
Less. Subscriptions paid to the Associated Indian Chamber of Commerce	100 0 0	9,815 0 0
„ Outstanding membership Subscriptions realised		195 0 0
„ Subscriptions to the Journal		1,002 7 0
„ Advertisements		1,774 6 9
„ Sale of old Magazines		57 0 0
„ Interest on Port Trust Bond and current		162 5 0
„ Sir Ibrahim Rahimtulla Entertainment Fund A/c		125 0 0
Total Rs....		19,888 2 3

J. K. METHA,
Secretary.

CHUNILAL V. MEHTA,
Chairman.

APPENDIX No. 1.

List of Magazines and Papers received by the Chamber during the year under Report.

1. American Review of Reviews (Monthly.)
2. Banker's Magazine (Monthly.)
3. Board of Trade Journal (Weekly.)
4. Bombay Government Gazette (Weekly.)
5. British Exporters' Register (Quarterly.)
6. British India Agricultural Statistics (Annual.)
7. Capital (Weekly.)
8. Commerce (Weekly.)
9. Commerce and Finance (Weekly.)
10. Cotton Press Return (Fortnightly.)
11. Cotton Spinning and Weaving in Indian Mills (Monthly.)
12. Daily Herald.
13. Economist (Weekly.)
14. Gazette of India (Weekly.)
15. Government Press Notes.
16. Indian Journal of Economics (Quarterly.)
17. Indian Trade Journal (Weekly.)
18. International Review of Agricultural Economics (Monthly.)
19. International Review of Agricultural Statistics (Monthly.)
20. International Review of Science and Practice of Agricultural (Monthly.)
21. International Trade Developer (Monthly.)
22. Investors' Review (Weekly.)
23. Journal of the Birmingham Chamber of Commerce (Monthly.)

24. Journal of the British Chamber of Commerce at Marseiles (Monthly.)
25. Journal of the Incorporated Chamber of Commerce, Liverpool (Monthly.)
26. Journal of the Indo—Japanese Association (Monthly.)
27. Journal of the London Chamber of Commerce (Monthly.)
28. Modern Review (Monthly.)
29. Mysore Chamber of Commerce Price Current and Market Report (Weekly.)
30. Mysore Economic Journal (Quarterly.)
31. Nation (Weekly.)
32. New Statesman (Weekly.)
33. Record of Manchester Chamber of Commerce (Monthly,
34. Seaborne Trade and Navigation of British India (Monthly and Quarterly.)
35. Statist (Weekly.)
36. System (Monthly.)
37. Times History and Encyclopaedia of the War (Weekly.)
38. Times Trade Supplement (Weekly.)
39. Trade by Land of British India with Foreign Countries (Monthly.)
40. Commerce and Industries (Monthly.)
41. Indian Textile Journal (Monthly.)
42. Indian Business (Monthly.)
43. The World Salesman (Monthly.)

APPENDIX No. 2.

All Government Publications are supplied free to the Chamber.

APPENDIX No. 3.

REFORM SCHEME.

To

THE SPECIAL OFFICER-IN-CHARGE,

"POLITICAL REFORMS."

Political Department,

Government of Bombay.

Sir,

RE REFORM PROPOSALS.

In reply to your letter inviting the opinion of this Chamber on the Reform Proposals embodied in the Report of His Excelency Lord Chelmsford and of the Right Hon'ble E. S. Montaug, the Secretary of State for India, I am directed by the Committee of the Indian Merchants' Chamber and Bureau to ommunicate to you as follows :—

The Committee welcome the announcement of the 20th August, 1917, to which acceptance has been already given by His Majesty's Government in England and by the House of Commons. They are thankful to His Excellency the Viceroy and to the Secretary of State for India for the sympathetic interpretation of this announcement and for the earnest attempt which has been made by them to formulate a Scheme leading up to Responsible Government in this country. They recognise that great care and anxious thought have been devoted to the Scheme in the Report and they acknowledge that it marks a distinct advance on the existing conditions. They are however, constrained to remark that the Scheme as it is, falls short

of the expectations aroused in this country by the announcement and they feel that as it stands, the Scheme will not meet the necessities of the situation. That there is room for criticism of the Scheme has, however, been recognised by the distinguished authors themselves and in accordance with the general invitation for criticism contained in the Report as well as in the response to the letter from the Political Department of the Government of Bombay, certain necessary modifications are suggested herein below.

Before proceeding with these modifications, however, the Committee think it necessary to point out at the outset that the reflections cast at various places on the fitness of the Indian communities to manage their own affairs and to conduct administrative matters if entrusted to them are unwarranted particularly so far as the people of major provinces are concerned.

Further, the Committee of the Indian Merchants' Chamber cannot accept the principle that no advance should be made in the Government of India in the direction of responsible Government so long as the experiment initiated in the Provincial Governments did not prove successful. There is no warrant for this principle in the announcement of the 20th August, in which the realisation of responsible Government in India as a whole is promised; but it is not on this ground alone that simultaneous progress in the Government of India is desired by them. It is because the members of the Indian Merchants' Chamber are primarily interested in industrial and commercial matters generally, in the fixing of tariff policy and other cognate topics, which are all to remain under the Scheme in the hands of the Government of India, that they would respectfully urge the adoption of modifications outlined below in regard to the Government of India.

No scheme of Reforms, which did not concede full fiscal freedom accompanied by popular control over financial matters and over the administration of all the subjects now grouped under the Commerce and Industry Department, would evoke that enthusiasm and cause that satisfaction amongst the Indian Commercial Community, which it is, doubtless, the first aim of the distinguished authors of Seheme to see in this country.

Para. 215. Reservation of Subjects. The plan suggested in regard to division of subjects of administration into Reserved and Transferred subjects, is one which the Committee approve of, if it is made clear that the subjects which would be reserved and for which the Governor and his Ministers would not be responsible to the Legislative Council, would be only Law, Police and Justice, for the Major Provinces, subject to the separation of Judicial and Executive functions. In particular in regard to a Province like Bombay they feel confident that any trust which may be placed in the elected representatives of the people would be fully justified by the results, even if entire responsibility were granted immediately in all subjects, but merely as a compromise and that for the period of transition, they feel that this Reservation should be accepted.

Para. 220. Provincial Executive. The head of the Provincial Executive should be known as Governor and during the period of transition he should be a man with Parliamentary experience from England. The Committee make this recommendation because there is a danger that the large power which under the Scheme will be placed in the hands of the Provincial Governor is liable under certain circumstance to be misused, unless a man with an open mind and a man who has lived his life in liberal tradition in the United Kingdom is sent out here.

Para. 220 In regard to the rest of the Executive Government the Committee feel very strongly that there should be on additional member without port folio. The rest of the Minis-

ters would all have the same status and designation, whether they were in charge of the Reserved subjects or of the Transferred subjects. The nomination of the Indian Minister for Reserved subjects should be made from amongst the elected members of the Legislative Council. For the period of transition the principle of nomination by the Governor of the Ministers in charge of the transferred subjects should be accepted but the dominant sentiment of the Council should be taken by him into account in making these nominations. These Ministers should be free to be present at all discussion of the Executive Government as a whole and should have the power to call for any papers in regard to any administrative Department unless the Governor objected to any paper being so given for important reasons of state. In this way alone would popular Ministers be able to learn the details of administration and to qualify after the period of transition to undertake the task which would fall upon them. The Ministers should be appointed for the life time of the first Reform Council but after that their salary should be put on the annual Financial Vote of the Council and their relation with the Governor in regard to Transferred subjects should be the same as that obtaining in Self Governing dominions.

Para 221. When transferred or Reserved subjects touch or overlap, the decision should rest with the whole Government including the Ministers and should be reached by vote and not merely by the decision of the Governor. The responsibility of Ministers for the Transferred subjects to the Council and not merely to the constituents should be established from the start and they should be removeable by a vote of want of confidence passed by 2/3rd majority in the Council.

Para. 224. Members of the Legislative Council holding positions analogous to that of Parliamentary Secretary should be non-official in all cases, preferably elected.

Para. 225. Provincial Legislatures. The portion of the elected in the Provincial Legislatures is not specified in the Report but it should not be less than 4/5ths in all the major provinces and particularly in Bombay. The Committee accept the principle of direct election on a broad franchise for the bulk of the representation, but feel that it would be premature to express any definite opinion in regard to representation of commercial interests at this stage before the Franchise Committee comes, on the scene. The Committee are strongly against communal representation on principle except in regard to Mussalmans to the extent of the compact arrived at between the Indian National Congress and the All India Moslem League at their respective Sessions at Lucknow in 1916. While they endorse the objections to communal representation in paragraph 227 to 230 they would emphatically protest against the suggestion in the second part of para 232 in reference to the formation of Special Electorates for the planting and mining interests and for the interests of European up Commerce generally. The Reservation of 1/5ths of the seats in the hands of the Government to be filled by nomination provides ample scope for the representation of any minority or of any interest that may not have its chance in the general electorates. But if any special representation is given to European merchants apart from the exercise of the ordinary vote to which they may be entitled by such qualifications as may be fixed upon by the Franchise Committee, a parallel concession should be made to the interests of the Indian Merchants. They would however support, for the representation of the Indian Minorities the reservation of one or more seats in plural constituencies provided the voting is from the general electoral Roll.

Para. 232. The members of the Executive Government should be ex-officio members of the Legislative Council. The other officials should be nominated but they should not have power of voting on any Transferred subjects.

Para. 235. Standing Committees-Standing Committees should be formed in regard to all subject including the Reserved subjects from non-offical members of the Legislative Council. All information asked for by any member of the Standing Committee must be furnished unless vetoed by the Governor. The heads of the Departments may be present at the meetings of the Standing Committees when called upon by the Chairman, but should not vote.

Para. 236. The Legislative Council should have the power to make its own rules of business and the sanction of the Government should not be required for the exercise of this power. The Governor should remain the President of the Council but "as it is not desirable that he should always preside", the Vice-President of the Council should be elected by the Council in the major provinces. No question should be disallowed by the Governor, nor should the Governor be at liberty to disallow a resolution, but the Governor, should be free to call for a division of the Council on any question or resolution before answering the question or before allowing any discussion on the resolution. All resolutions on Transferred subjects should be binding on the Ministers.

Para. 238. The Committee of the Chamber cannot accept the guiding principle in the matter of Reservation of subjects laid down in this para. With the exception of Law, Police, and Justice, all subjects should be transferred and there should be a statutory provision for the transfer of even these three subjects at the end of a stated period. When there is any doubt as to the category in which a particular administrative question falls, the matters should be considered by the entire Government, that is to say, by all the ministers for the Transferred and Resrved subjects sitting together and should be decided by them finally by a vote.

Para. 240. In the matter of division of powers between the Government of India and the Provincial Governments, the Committee understand that a full inquiry is going to be made. They endorse the suggestion that the Central Government must have power for intervening effectively, whether by legislative or administrative action in matters such as those affecting defence of foreign or political relations. Unless in the Government of India the popular Legislative Assembly has a real control as in the Provincial Governments, the Committee cannot agree to the Legislative or administrative interference by the Central Government in matters of foreign trade or tariff or matters concerning the interests of the Indian Services. The idea of Provincial Autonomy involves the complete subordination and control by the Local Governments of all offices of what are known at present as the Imperial Service. It would be imposible for the wishes of the people registered in the Resolution of the Provincial Legislative Council and the mandates to the Ministers to be translated in action if the Executive officials of the Province are not directly subordinate in every respect to the Provincial Executive Government. It is a scant compliment to the Provincial Legislature which will be formed and to the Provincial Executive made up as indicated above, if it is suggested that they would countenance or encourage anything that would go counter to law and order, or they would hurt the legitimate interest of the existing services. The Committee cannot accept the reason given for the reservation of these large powers of intervention and they would respectfully urge serious reconsideration of this matter.

Para. 247. Having accepted the Reservation of subjects the Committee feel that power should be given to the Officials to secure the necessary legislation in respect of Law, Police and Justice. The formation of Grand Committees and their

constitution as stated might therefore be adopted only in those cases in which the decision of the Legislative Council in respect of a reserved topic did not satisfy the Government.

Budget Procedure. The grants required for the Reserved subjects should be the first charge on the Provincial Budget in so far as they would not exceed the average under these heads for the five years previous to the adoption of the scheme. But these grants including the entire Budget for the year should be voted by the Provincial Assembly without whole proper vote it should be illegal for the Executive to raise any taxes. The Provincial Government should have power to restore all items in respect of the grants for Reserved subiects which might have been eliminated by a vote of the Legislative Assembly.

Para. 261. The Committee feel that there should be statutory provision for the complete transfer of all subjects at the end of a stated period, preferably after the experience of the life time of two councils. They further feel that in regard to all topics there should also be a statutory provision for a period after which complete powers would devolve on the Indian Legislatures which would be called into being under the scheme. The Committee do not wish to dogmatise on the length of this period but they are anxious that the period should be mentioned in the Statute, and that unless an overwhelming case was made out to the contrary, the transfer of powers contemplated should be automatic as indicated above.

Para. 265 Government of India. In regard to the Government of India for reasons that have been stated above, advance on lines adopted for the Provinces should be made and the responsibility for the administration of certain topics should be placed in the hands of the popular Assembly.

Para. 271. With regard to the Government of India, the singular unanimity with which a demand for simultaneous advance has been made should not be, in the opinion of

the Committee overlooked. It cannot be seriously suggested that there are no subjects within the purview of the Government of India for the management of which Indians are fit, or in the decision of which the Imperial Legislatures as they may come to be formed are likely to go radically wrong. They therefore, respectfully suggest with all the emphasis they are capable of, that a system of reserved and transferred subjects similar to that proposed for the provinces should be adopted for Central Government. It is difficult to decide which should be the reserved subjects, but there can be no doubt in regard to the following.

It is essential that foreign affairs (excepting relations with the Colonies and Dominions) Army, Navy, and relations with the Indian ruling Princes and all subjects affecting the peace, tranquility and defence of the country should be so reserved. These reserved subjects would be in the hands of the Executive Councils or Ministers of whom one-half should be Indians. For the rest Ministers should be nominated from amongst the elected members of the Council in the same way as in the Provinces. The allotment required for Reserved subject should be a first charge on the revenues as in the provinces and the procedure for the adoption of the Budget should be on the lines suggested above for the Provincial Governments. Legislation for Reserved subjects if rejected by the Council should be on the certificate of the Viceroy, put through in the Council of State.

Para. 273. Imperial Legislature. The Committee recognise that if important powers must be given to the popular Assembly there should be a second chamber, which is called in the Scheme the Council of State. They would however, respectfully point out that if a Second Chamber is instituted, the hesitation in regard to an overwhelming elected majority in the representative Assembly should disappear. They would therefore suggest that a 3/4th elected majority should be granted

for the Legislative Assembly. The strength of about 100 members recommended in the proposals does not appear to the Committee to be at all adequate considering the size and the numerous localities and the numerous interests which have to be represented. A Legislative Assembly consisting of about 200 members would be much more suitable for the conditions of this country. The Committee reserve their representation on the manner of election and the constituencies but they would indicate that any special representation given to European commercial interests should have a parallel in special representation given to Indian commerce and during the period of reconstruction which is bound to follow after the war, it would be impossible to come to any decision of any value on economic matters unless full representation were given to the Indian business community. The Committee approve of the purposes for which the power of nomination would be used by the Viceroy but they would like the strength of the Officials in the Legislative Assembly to be as small as possible.

Para. 275. They want for this purpose that there should be a statutory limitation to the number of officials which should not at any time form more than 1/12th of the total strength of the Legislative Assembly. In view of the fact that there would be a Second Chamber with a large official element in it they would suggest that official members of the Legislative Assembly should not have any power of voting except on Reserved subjects. With regard to the Legislative Assembly it should be further provided that they would have full power of settling their own rules of business subjects only to the veto of the Viceroy and that the President and the Vice-President of the Legislative Assembly should be elected by the Assembly itself.

Para. 276-277. The Committee accept the institution of the Council of State as a Second and Revising Chamber for all topics the responsibility for which would be transferred to the

Legislative Assembly and as a Chamber for the initiation of all Legislation on Reservad subjects refused or disallowed by the Legislative Assembly but they would not agree to the constitution of this Council of State as outlined in the Report. They would suggest that at least 50 per cent. of its total strength should consist of elected members and that the Council of State should have no power of initiating legislation except on Reserved subjects on which the Legislative Council would be unwilling to accept the proposals of the Government.

Para. 278. On the qualifications for the membership of the Council of State the Committee are in substantial agreement with the distinguished authors of the Report. The Viceroy should preside over the Council and should nominate a Vice-President who should not necessarily be an official.

Para. 279 to 292. Legislative Procedure. All legislation should be by bills introduced in the Assembly except in the matter of Reserved subjects indicated above and every member under circumstances should be free to introduce a Bill on any subjects without any interference. For a matter not relating to a Reserved subject yet considered necessary by the Government, when the Legislative Assembly would refuse leave for the introduction of a Bill, the power of certification should not apply but the power of issuing Ordinance, which should be reserved to the Viceroy, should be used for the period of 12 months, after which the subject should be brought up against and the decision of the Legislative Assembly and the Council of State, a joint session, is to be binding and final. Or in the alternative the Viceroy should have power before the expiry of 12 months of referring such a measure with reasons for his decision.

Para. 284. The Committee feel very strongly that ultimate establishment of responsible Government in the country could not be secured unless the Budget was voted by the

Assembly. The charge for all reserved subjects should have an absolute priority and if any grants in respect of them was disallowed by the Legislative Assembly, the Viceroy should have the power to restore it if a vote of the Council of State, could be secured in its support. For all other subjects the Budget must be passed in the Legislative Assembly and to raise any taxes in the country without the sanction of the Legislative Assembly should be declared illegal.

Para. 283. The Committee agree that the power of the Governor-General to dissolve the Legislative Council or the Council of State should be absolute, provided that it would be expressly laid down in the statute that a new Assembly of a new Council of State would be convened within a period of six months. This the Committee of the Indian Merchants' Chamber deem very necessary in order to provide against the exercise of arbitrary power.

Para. 286-286. In regard to the Standing Committee and in regard to power of disallowing questions and resolutions the Committee of the Indian Merchants' Chamber recommend the same procedure as in the provinces.

Para. 290-293. The relations of the Secretary of State.

The Committee of the Indian Merchants' Chamber agree that as responsibility is transferred more and more into the hand of the Indian electorates, the control of the Parliament and the Secretary of State should be reduced. They find in the body of the report at many places a relaxation of such control suggested without a corresponding transfer of power into the hands of Indian Councils. The occasion for the grant of some responsibility to the Lagisltive Assemblies in India should not be made an excuse for strengthening the hands of the Government of India unless a corresponding advance is made in Government of India on the lines indicated above by them. It should be borne in mind that the officials of the

Government in India should not be less amenable to the control of Parliament than hitherto until they are made amenable to the will of the people as expressed through the Indian Legislatures.

Para. 293. The Council of India should be abolished after responsibility is transferred to the people of this country. The Secretary of State would ultimately be reduced to the same position as the Colonial Secretary namely as a channel of communication between the Government of India and His Majesty's Government in the United Kingdom. On important matters, the Secretary of State and the House of Commons would get the benefit of the advice of those nature men who would be permanently housed in London. This Committee welcome the proposal to put the salary of the Secretary of State on the British estimate after the reorganisation contemplated is completed. After the management of public debt and the purchase of stores, and the payment of pensions, and the management of the Indian currency, and negotiations with the Companies at present managing the Railways have been taken over by the Government of India, the work left at the India Office would be very little, and it is only fair that in order to bring the entire activities of the India office under the direct supervision of the House of Commons the whole charge should be put on the British estimates.

Para. 294-295. The Committee of Chamber welcome the Scheme for the appointment of a Select Committee of Parliament on Indian affairs and they agree with the authors of the Report that this Committee should consist wholly of the members of the House of Commons.

The appointment of Committees. In regard to the appointment of a Committee to settle the question of Franchise and of another Committee to decide the powers of Government of India and the powers to be delegated to the Provinces as well as to determine the subjects of administration which should be

"Reserved" and the subjects for which responsibility would be transferred into the hands of the elected Councils, the Government should proceed on lines that would arouse confidence in the Indian public. The Committee of the Indian Merchants' Chamber feel strongly that the whole success of the scheme would depend upon the work of these two Committees and the personnal of the Committee should consist of men who would come with an open mind and who would be known for the sympathy with Indian political aspirations. At least half of each of these Committees should be Indians selected by the Government. In making the selection, the Committee would request the Government to consider any recommendation that might be made by representative public bodies.

Fiscal Autonomy. The Committee of the Indian Merchants' Chamber cannot omit a referrence to the question of the Industrial policy of the Government of India and to fiscal autonomy. They have been greatly disappointed that the references on these important matters in the report have been very brief and that no specific recommendations have been framed by the authors. The mere constitutional machinery is absolutely subordinate to the question of the material well-being of the people and of the promotion of Indian Industries and Commerce on which mainly the future fabric of national life can rest. The authors of the report have referred to the great poverty of the people and to the dependence of India on foreign countries for manufactured goods. They have also adverted to the suspicion which exists in the minds of the people that "her industrial backwardness was positively encouraged in the interests of the British manufacturers." The Committee therefore agree with the suggestion that on all grounds a forward policy of industrial development is urgently called for." In this connection they would have liked more definite recommendations and in the absence of these recom-

mendations as well as in the absence of recommendations of the Indian Industries Commission, the Committee of the Indian Merchants' Chamber can only indicate generally the need for a strong Industries Department in the Government of India under the control of an Indian member assisted by a Board of Industrialists from all over the country in which Indians should predominate. The reason for the suggestion of such personnel is that the Indian Community might receive equal consideration at the hands of the department concerned which unfortunately has not been the case in the past. They are constrained to remark that the Indian business man has been reduced in the past to a position not only inferior to that of the British merchant, but even to that of the German and Japanese merchants. Apart from the economic loss inflicted upon the people of this country by the conscious and unconscious partiality shewn towards non-Indians, the whole situation has been a source of bitterness and discontent among the Indian business community. In the exploitation of the raw resources of the country, in the matter of mines and plantations and forests and in various other things, the Indian merchant has not been able to hold his own against his European rival among other things through the facilities possessed by the latter in approaching the officials and making his interests felt and considered by them. This state of affairs must definitely come to an end. This Chamber has addressed representation over and over again on the matter of fiscal autonomy and on the question of traiff policy to the Government of India. Amongst the Indian commercial circles it has been taken as a settled fact that on account of a policy of free trade adopted by the Government of India out of sheer helplessness the arts and crafts of this country have been killed by cheap machine-made imports without any protection being accorded even to the industrialism of the factory type which is still struggling under crushing foreign competition. The vexed question of the cotton excise duty refered to in the report by

the authors themselves stands out as a proof of the manner in which Indian interests have been subordinated to extraneous interests and the manner in which industries controlled by Indians have received step-motherly treatment at the hands of the Government of India. The Committee do not propose to dwell on the usual economic arguments in favour of protection either of old industries or of new, but they would urge the immediate need of arousing confidence of the Indian commercial community by the concession to the Government of India of complete and final powers of fixing the tariff policy of this country in accordance with the needs of the country and the power of negotiating treaties with the foreign nations on the same lines and to the same extent as the self-governing members of the British-Empire. This power is particularly necessary now that a wider zollverein of the British Empire is under contemplation. The views of the Indian Mercantile community on Imperial preference and on the position which India should come to occupy in any scheme of the allied economic union are very definite and very strong, and when the occasion comes this Chamber would respectfully urge them upon the notice of Government. In the meanwhile it is felt all around that unless fiscal autonomy is gained for the Government of India this country would be during the period of reconstruction, an open ground for exploitation and dumping of all kind and that the very small impetus which some isolated industries have gained on account of war would be lost in the overwhelming tide of economic encroachment which would overtake this country. It is humiliating to feel that economic penetration by Germany would be again possible and that this country would be helpless against insidious commercial invasion by Japan which is now in progress. The Committee feel very strongly that it was necessary to make a distinct recommendation on this topic and they would still urge on the notice of the Government the desirability of an immediate declaration from the House of

Commons on the lines of the declaration of August 20th last conceding full fiscal freedom to this country to be exercised in the first instance by the Government of India under their new constitution.

In conclusion the Committee feel that no scheme of reforms merely altering the administrative mechinery of the country would be valuable and would cause any satisfaction amongst the Indian mercantile circles unless it was accompanied at the same time by fiscal powers and control over the tariff policy of this country being placed in popular hands.

I have the Honour to be,

Sir,

Your most obedient Servant,

S. S. MEHTA,

Secretary.

The principal modifications recommended by the Committee are summarised below :—

Provincial Executive:—The Governor should be a man from England with parliamentary experience.

The Ministers in charge of reserved subjects and the Ministers in charge of transferred subjects should have the same status and designation. There should be no additional members without portfolio.

The nomination of Ministers for transferred subjects should be with reference to the dominant sentiment in the Legislative Assembly and they should be responsible to the assembly from start.

Provincial Legislature:—There should be in major provinces 4/5 elected majority.

There should be no communal representation except in the case of Mohommedans and no special electorates for the Mining, Plantations, etc.

The Chamber reserve their opinion of Franchise until the Franchise Committee comes on the scene.

The Legislative Assembly should have power to make its own rules.

Grants on reserved subjects on the basis of 5 years average should be first charged on Provincial Budget.

Reservation of subjects:—In major provinces, only law, police and justice should be reserved subjects and there should be statutory provision for the complete transfer of all subjects at the end of a stated period.

Government of India:—There should be simultaneous advance on the lines of the provinces in regard to Government of Indla. At least half of the total number of Ministers in the Imperial Government should be Indians.

There should be a Legislative Assembly with 3/4 elected majority which would initiate all legislation except on reserved subjects. There should be a council of State which would initiate legislation on reserved subjects only when this is refused by the Lower House. It should have 50% elected members.

The charge for all reserved subjects should have absolute priority on the Budget, but the Budget must be voted by the Legislative Assembly. There should be no power of taxation without such vote.

Secretary of State's Council:—The Council of the Secretary of State for India should be abolished and the entire charge for the India Office including the salary of the Secretary of State should be put on the British estimates.

Industrial Policy :—There should be a forward industrial policy with a department of the Government of India under the control of an Indian member assisted by a Board of Indian Industrialists. It is desirable that a Declaration on the lines of the Declaration of August 20th, conceding full fiscal freedom to this country to be exercised by the Government of India should be made. Without fiscal autonomy, no reforms would be of any value.

APPENDIX No. 4.

Control of Cotton.

Very Urgent.

No. 2387—W of 1918.

Revenue Department.
War

Bombay Castle, 5th October 1918.

From

A. F. L. BRAYNE, Esquire, I. C. S.,

Under Secretary to the Government of Bombay;

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to forward a copy of the papers noted in the margin regarding the proposed control of Indian cotton and to request that this Government may be furnished with the views of your Chamber whether restrictions should be imposed during the reconstruction period. If control is considered desirable,

Letter from the Board of Trade dated 29th May 1918, with memorandum.
India Office memorandum.

the Government of Bombay will be glad to learn what form, in the opinion of your Chamber it should take and whether it should be introduced irrespective of any restrictive measures to be undertaken by the United States of America.

2. I am to request that the matter may be treated as urgent and the reply to this letter sent as soon as possible.

I have the honour to be

Sir,

Your most obedient servant,

F. NOYCE,

Under Secretary to Government.

BOARD OF TRADE.

WHITEHALL GARDENS,

29*th May*, 1918.

Sir,

I am directed by the Board of Trade to acknowledge the receipt of your letter of May 9th (No. 60118/C /116) relative to the suggested control of Indian cotton, and in reply to point out that the cotton grown in India is lower in grade than American cotton and is only used to a small extent in this country, whereas Egyptian cotton is, generally speaking, higher in grade than American cotton, is used largely and to an increasing extent in the United Kingdom. Whilst some qualities of Egyptian cotton compete with some qualities of American, Indian and Egyptian cotton are in no sense competitive articles, and the Board do not therefore consider that the purchase of Egyptian cotton requires as its necessary complement the purchase of the Indian crop.

On the other hand, they are of opinion, as already indicated in their letter of April 3rd, C.—3590, that the desirability of controlling the exports and the prices of American cotton is one which should be pressed urgently on the attention of the United States Government, and they would be glad to learn whether Lord Reading has yet approached that Government on the subject and with what result.

They recognise, moreover, the advantages of a general policy of securing control of all important raw materials produced within the Empire, and the desirability, in pursuance of this policy, of extending the control to embrace Indian cotton. Should the United States Government be prepared to adopt a policy of controlling their own cotton crop. that Government might reasonably expect that some form of control should also be adopted in India, whose cotton does in fact compete with certain descriptions of American cotton, and the Board imagine that in the interests of Indian spinners the Indian Government would find it necessary to take some steps to prevent the great enhancement of the price of Indian cotton which might result if our present enemies finding themselves unable to secure supplies of American cotton after the war should endeavour to fill their wants by purchases of cotton in India.

Having regard to these considerations the Board propose to submit to the Economic Offensive Committee of the Cabinet the enclosed brief memorandum indicating the reasons for which in their opinion the Indian Government should be invited to consider the possibility of adopting some system of controlling the exportation of cotton from India, both now and after the war.

A copy of this letter is being sent to the India Office.

I have, etc.

(Sd.) H. Llewellyn Smith.

CONTROL OF RAW COTTON IN INDIA.

It is unnecessary to labour the reasons which render desirable the acquiring by the Allies of complete control over the exports of important raw material during the period immediately succeeding the war. But briefly they may be stated under the two heads of (1) securing sufficient supplies for allied use to enable manufacture to be maintained and in those districts in which it has been put an end to by war to be recovered, and (2) acquiring a bargaining asset for the purposes of negotiating with our enemies. Of the raw materials which are substantially controlled by the Allies, one of the principal is cotton, the three great cotton crops of the world being those of the United States of America, Egypt and India, whilst important crops are also grown in other parts of the British Empire, such as the West Indies, Uganda and Nigeria.

A first step in the direction of the control of this raw material has been taken by His Majesty's Government in acquiring the whole of the Egyptian crop so far as the growers desire to export it and in prohibiting its export except under license with a view to its being rationed out to the various allied and (so far as the available quantity permits) neutral users. Egyptian cotton is a cotton of long staple, and though its highest grades compete with American Sea Island and its lowest with ordinary American cotton, it represents, taken as a whole, a practically irreplaceable source of a class of cotton indispensable for the manufacture of fine descriptions of yarn and piece-goods. It would have been disastrous to the fine cotton-spinning interests in England, the United States of America and France if this crop had been left at the mercy of a suddenly enhanced demand on the part of enemy countries the moment the war was over. But important as is Egyptian cotton to the cotton trade, adequate supplies from the much larger staple crop of America are of even greater importance, and it is hoped that having regard to this consideration the

United States Government will be prepared to adopt some scheme of control (not necessarily involving purchase) which will conserve American cotton after the war for the use of the Allies in the first instance and will only permit of such quantities reaching enemy countries as inter-allied policy may dictate. Steps are being taken to press this policy upon the American Government.

L Rev. 1811-A.

As regards Indian cotton, the position is somewhat different according to whether or not the United States of America Government control American cotton. Indian cotton is a cotton of short staple, the bulk of which is consumed in India itself and in Japan, and the demand on the part of our enemies for Indian cotton may not be excessive if they can obtain cotton freely from America, but it would seem right to proceed on the assumption that America will be prepared to fall in with the allied policy of the control of raw materials, and it is clear that the task of persuading the American Government to take this course will be facilitated if we can point to the fact that so far as regards cotton produced in the British Empire the corresponding measures have already been arranged.

It is certain that if Germany and Austria cannot meet their requirements by importation from America they will seek to obtain a much larger quantity of Indian cotton than they used before the war, with the result that Indian and Japanese spinners will run the risk of going short of their requirements and will in any case have to pay greatly enhanced prices for their raw material.

The following figures respecting the distribution of the Indian cotton crop in the year 1913-14 have been furnished by the India Office :—

Exports.	*Tons.*
To United Kingdom	19,245
Other British Possessions	6,474
Total British Empire	25,719
Japan	240.878
Other Allies	120,319
Neutrals	14,728
Enemies	121,873
Total exports	523,517
Retailed in India	374,000

The quantity of Indian cotton sent to enemies which is shown in the above statement would be sufficient to justify some control over the exports with a view to bargaining, but as already indicated, the demand on the part of our enemies for Indian cotton is likely to be enhanced to a much greater extent than these figures suggest if they are unable to obtain cotton from Egypt or the United States of America except under such conditions as the Allies desire to impose.

At the present time exports of cotton from India are prohibited to certain destinations only and the control over the export trade is exercised solely from the point of view of the blockade. There is therefore a possibility of supplies being accumulated in neutral countries with a view to sale to our enemies after the war. In the circumstances it is suggested that the Indian Government should be invited to consider at once the desirability of imposing a prohibition on the exportation of cotton to all destinations except under license and of establishing a system of rationing by which the amount to be allowed to go to various destinations, including neutral contries, shall be determined.

They should also be asked to consider whether in the interests of their own growers on the one hand and of the spinners on the other, such control will not also carry with it the obligation to fix cotton prices. In the case of Egypt it was found that no scheme for fixing prices of cotton would prove effective unless it was secured by the actual purchase of the cotton on behalf of the Government. Conditions in India may be different, and it is recognised that the large consumption of Indian cotton within the conntry raises considerations which did not exist in the case of the Egyptian cotton purchase scheme.

India Office Memorandum.

Control of Indian Cotton.

The memorandum of the Board of Trade raises two distinct questions which should be considered separately, one relating to the control of Indian cotton during the war, the other to control after the war.

Control during the war:—In order to avoid the possibility of stocks being accumulated in neutral countries for sale to our enemies after the war it is suggested that export to all destinations should be prohibited save under license, and that a system of rationing (accompanied possibly by the fixation of prices) should be established under which the quantity allowed to each country would be fixed.

The position in regard to the export of raw cotton from India is as follows. According to the latest information available cotton is on the Indian D list, that is to say, export is prohibited "to all destinations in foreign countries in Europe and on the Mediterranean and Black Seas other than France,

Russia, Italy, Spain and Portugal (and to all Russian Baltic Ports)." Applications for permission to export to prohibited destinations are referred by the India Office to the Cotton Exports Committee and if no objection be raised the Government of India are instructed to allow shipment. In practice licenses are granted very sparingly and in the case of Scandinavia and Holland none have been granted for some time past. It is possible that limited exports may be allowed under the new commercial agreements with Norway and Sweden, but the quantity will not be considerable as the annual ration from all sources has been fixed at 8,000 tons in the case of Norway and 18,000 tons in the case of Sweden. Exports to Switzerland are also strictly limited to the ration fixed in agreement with the Societe Suisse de Surveillance Economique.

In the case therefore of Scandinavia, Holland and Switzerland control is already exceedingly strict and the possibility of any accumulation of stocks is remote.

In the case of three other countries (Russia, Spain and the United States) exports are in practice countrolled. For diplomatic reasons export to Spain has never been prohibited formally, but shipment is only allowed when the Consul-General at Barcelona reports that he has accepted a guarantee from the consignee and recently, in connection with a dispute which arose regarding the supply of olive oil to the United Kingdom, the promise was given that during 1918 the export of 60,000 bales to Spain would be permitted. In effect therefore Spain is rationed. By executive action exports to Russia have been suspended, while consignees in the United States of America can only obtain delivery with the consent of the Textile Alliance.

The effect of the control arrangements outlined above is reflected in the following statement which shows the exports of Indian cotton during the past three years :—

To—

	1915	1916	1917
United Kingdom (tons)	41,816	40,433	49,113
France (tons)	11,829	10,459	8,633
Spain (tons)	11,371	11,047	4,613
Italy (tons)	70,875	48,092	8,369
China (tons)	18,293	22,198	6,153
Japan (tons)	284,265	315,398	250,811
Other countries (tons) (*a*)	10,256	3,827	6,767
	448,705	451,454	334,452

(*a*) In small quantities to Russia, Scandinavia, Holland, Switzerland and United States of America.

There is nothing in these figures to indicate anything in the nature of an accumulation of stocks in neutral countries, and it seems open to question whether it is necessary to set up any system of rationing. It might however be well to instruct the Government of India to keep a careful watch on exports to all foreign countries and to report any abnormal shipments in order that, if necessary, measures may be taken to limit exports

Control after the war.—It is not improbable that it may be found desirable in the interests of the local mills and of local consumers to control Indian cotton during the reconstruction period and the Government of India have already been asked to consider this question. Until the views of the Indian Government have been received no definite opinion can be formed, but it may be useful, at this stage, to indicate some of the considerations which it will be necessary to take into account before a decision is reached.

Before the war Germany and Austria were large buyers of Indian cotton, having taken 121,756 tons in 1913-4, and it is significant that in the first five months of 1914-5, no less than

91,260 tons were exported to Central Europe. In addition some of the exports to Belgium (56,654 tons in 1913-4) were destined for Germany and it is reasonably certain that if after the war the indian cotton market were open to all, our enemies, whose stocks are believed to be exhausted, would purchase two or three years' supply. Heavy purchases would probably be made within a short period and aided by co-operative purchase and subsidized freights German and Austrian buyers could well afford to force up prices with the result that the market would be upset, Indian Mills and our Allies (Japan, Italy and France) might be unable to obtain sufficient supplies, and the price of manufactured goods in India would be increased. To avoid this the Government of India may in their own interests desire to control the distribution of the available supply and, if so, the argeements in favour of control set out in the memorandum of the Board of Trade would serve as an additional justification for such action. If, on the other hand, it be found unnecessary in Indian interests to undertake any measures of control the Government of India may be asked whether some sacrifice of the interests of the procedure (and all control schemes involve this in some degree) would not be justified in order to induce the United States Government to control American cotton and to obtain a bargaining counter for the purpose of negotiating with our enemies. It would be premature to examine at this stage the nature of the control which would best secure the objects in view, but two things may perhaps be said—the first that the nature of the scheme adopted would not depend upon the reasons jnstifying control, and the second that it is unlikely that control would take the form of state purchase or would involve the fixation of prices.

17*th October*, 1918.

From

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

A. F. L. BRAYNE, Esquire, I. C. S.,

Under Secretary to the Government of Bombay;

BOMBAY.

Sir,

With reference to your letter marked urgent No. 2387-W of 1918 I am directed to submit the opinion of my Committee regarding the proposed control of exporting Indian cotton, in the following terms :—

My Committee consider that it is essential that in bargaining with enemies and negotiating with the allies and in arranging preferential treatment, with the other parts of the Empire if the latter is at all found to be necessary the interests of India should be given first consideration separately by herself and not merely as a portion of the Empire. They also consider that India should be adequately represented in any Conference that might be held for the above purpose.

Under the circumstances mentioned in the papers under reply the general principle of licensing of cotton might be approved but India's requirements should be first fully satisfied. In order to secure equitable treatment licenses should be given freely to all applying exporters within the quantity specified for export to each country.

In no cases should prices be fixed; and Government should not intervene in regard to cotton prices unless it is found that by system of licensing, cultivators are not receiving fair prices.

17th October.

My Committee consider that if America does not agree to take restrictive measures, licensing in this country should only be undertaken if on account of the shortage of crop India's own requirements demand it. Otherwise India should be left free to export to all places from which demands may arise.

I have the honour to be,

Sir,

Your most obedient servant,

K. V. DESAI,

for Secretary.

APPENDIX No. 5.

Excess Profits Duty.

137, Esplanade Road, Fort,
Bombay 8th October 1918.

Dear Mr. Mehta,

I am herewith sending you a few copies of the Memorandum of points raised at an informal meeting held at Gorton Castle on the afternoon of September 23rd 1918, to discuss certain aspects of the proposed excess profits duty.

Please circulate these among the Members of the Indian Merchants Chamber and call a Meeting of the Chamber on next Tuesday the 15th Instant.

Yours sincerely,
FAZULBHOY CURRIMBHOY.

WITH COMPLIMENTS FROM SIR FAZULBHOY CURRIMBHOY.

Memorandum of the points raised at an informal meeting held at Gorton Castle on the afternoon of September 23rd 1918, to discuss certain aspects of the proposed excess profits duty, at which there were present—

Sir William Meyer.
Sir George Lowndes.
Sir Fazulbhoy Currimbhoy.
Mr. M. N. Hogg.
Mr. W. A. Ironside.
Mr. Sita Nath Roy.
Mr. Howard.
Mr. Muddiman.
Mr. Parsons.

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1. Should provision be made for the payment of excess profits duty by instalments ?

It was generally agreed that the duty could not be based on prospective profits and that consequently the levy in 1919-20 must be on the profits of 1918-19; but Mr. Ironside pointed out that this would in the first year bear rather hardly on businesses, since a distribution of the profits of the first half of

1918-19 had generally taken place already, and whole year's duty would therefore fall to be paid from the profits of the second half of 1918-19. Sir W. Meyer said that Government could not give up the tax with reference to the profits of the first half of 1918-19, and asked if it would be an alleviation to provide in the Bill for the payment of the duty by instalments. The Commercial Members were on the whole of opinion that this would be an advantage.

NOTE —The law of the United Kingdom permits the Commissioners of Inland Revenue to allow the duty to be paid in instalments of such amount and payable at such time as the Commissioners direct. It would be of advantage to know whether a similar provision would be suitable or whether it would be preferable to lay down definitely in the Act the number of instalments permissible.

2. Should there be an exemption limit, and, if so, at what figure should it be fixed? It was pointed out that to relieve the strain which a new and complicated tax will throw on the Income-Tax Agency, it would in any case be necessary to have some limit which will remove from the operation of the duty small concerns from which (collectively) revenue commensurate with the labour involved in assessing them could not be expected. The figure at which it should be fixed was then discussed. Mr. Ironside pointed out that there were a good many small businesses which have secured in recent years proportionately larger profits than bigger concerns, and that this was a reason for not fixing the limit too high. He and Mr. Hogg were inclined to favour a limit of Rs. 30,000 of net profit, which would have to be exceeded, before liability to the duty would arise. Sir Fazulbhoy Currimbhoy and Mr. Sita Nath Roy were in favour of a rather higher limit of Rs. 50,000.

NOTE.—It would be of advantage to know whether the adoption of Rs. 30,000 instead of Rs. 50,000 as the limit would lend to any large increase in the number of businesses liable to the duty.

3. How should normal expectation of profits be calculated ? It was explained that there were two possible methods. Normal expectation might be taken as the average of the profits in a series of previous years, which would be deducted from the profits in the year of assessment in order to discover the amount liable to excess profits duty. As an alternative a fixed standard percentage on capital might be laid down as the normal expectation, a percentage which would probably have to vary for different businesses or classes of business. The Commercial Members of the conference were of opinion that the difficulties of calculating the capital to which the standard percentage would be applied would in the large majority of cases be greater than the difficulty of calculating average profits in a series of preceding years, and they therefore considered that it would be desirable to adopt the first alternative as the main method, though for new companies, and possibly also for old companies which have recently increased their capital, an alternative standard percentage method would have to be laid down.

4. On the average profits of what years should the normal expectation of profits be based? The commercial representatives were in favour of taking the profits of the years 1912-13, 1913-14, 1915-16, and 1916-17, (or the corresponding accounts years of the concerns affected), the year 1914-15 being omitted as business in the latter half of the year was dislocated by the outbreak of war.

5. To what businesses should the standard percentage on capital be applied as the basis for assessing the duty, in lieu of

the average profits of a series of preceding years? It was pointed out that the standard percentage must in any case be applied to new businesses which had not been at work during any of the years selected, and Mr. Ironside suggested that it should be allowed, as an alternative and optional method of assessment, to businesses which had been doing badly before the war.

6. Where the standard percentage on capital is adopted, how should capital be calculated? Mr. Ironside suggested that it should be defined as the assets of the business less debentures, credits and loans, and not merely as actual capital.

7. How should businesses which have increased their capital outlay during the period taken into account for the assessment of the duty be treated? Mr. Ironside suggested that where a business had increased the block, plant or machinary during the period, it would be necessary to make a proportionate increase in the calculation of normal profits. For example, if a Mill with 400 looms in the years selected for determining the normal profits of the mill has now 600 looms, its normal profits for purposes of assessment should be increased by 50 per cent.

8. Where the standard percentage basis is applicable, will it be necessary to lay down in the Act general basic percentages on capital to be adopted as representing the normal profits of different classes of business? Sir George Lowndes pointed out that the percentages would necessarily have to vary for different classes of business, and that it would be impossible to frame an exhausive schedule. Consequently it will be necessary to leave to some authority discretionary power to enhance the statutory percentage allowed to either individual businesses or classes of business. It was the general opinion that it would be sufficient to lay down one minimum

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percentage in the Act, and to give Collectors of the duty power (subject, if necessary, to consultation with an advisory committee, *vide* No. 14 below) to enhance this percentage for particular classes of business or particular businesses.

9. Should interest on amounts invested in Indian War loans be taken into account as part of profits in the assessment to excess profits duty? Mr. Ironside suggested that this should not be done, pointing out that many firms had invested in the war loan money which they would otherwise have utilised in financing their own businesses, and had obtained the finance, of which they were conseqnently short, by borrowing from Banks at interest. It was, however, pointed out to him that to meet the interest which thus become payable to the Banks such firms had the interest which they would derive from the war loan, and that they would probably therefore on the transaction as a whole be in no worse a position than if the investment had not been made.

10. How should the profits of foreign firms be assessed? Mr. Ironside laid particular stress on the desirability of securing a full assessment of the profits of foreign firms, who had as a whole done exceedingly well in India during the war. He was informed that Government had every desire to make a full assessment, but the difficulty lay in devising a method to ensure this. A provision on the lines of section 33 of the Income-tax Act, 1918 might go some way to meet the difficulty, but in assessments to excess profits duty it would, in certain instances at any rate, be necessary to devise some method for calculating not only the profits of foreign firms which could reasonably be considered to have arisen in India, but also the capital which they could reasonably be considered to be employing there. Mr. Howard suggested that it might be feasible, after calculating the Indian profits of a foreign firm on turn over, or by some other method in accordance with the rules issued under the

Income-tax Act, 1918, to take the capital employed in India in earning those profits at the same proportion of the total capital of the foreign firm as those profits bear to the total declared profits of the firm. Any suggestion which may be made for meeting the difficulty will be carefully considered by the Government of India.

11. Will any special provisions be necessary to meet the case of businesses the whole or the major part of whose output is sold to Government at controlled or specially low prices? Sir Fazulbhoy Currimbhoy represented the case of these industries.

12. What will be the position of companies and firms who have to pay excess profits duty in the United Kingdom? Sir William Meyer explained that it was not intended to assess such companies and firms to excess profits duty in India. If we did so, the total assessment of such companies and firms would not be increased, since under the provisions of the British law the proceeds of the higher of the two duties would be divided between India and England proportionately to the amount of the duty chargeable in each country and only the higher duty would be charged; but this would mean taking away from the Home Government resources on which it had hitherto relied.

13. For the purposes of the assessment to excess profits duty should industries be allowed to change the date of their account year? It was explained that it was the present intention of Government to adopt a provision on the lines of that in section 2 (11) of the Income-tax Act.

14. Will there be difficulty in obtaining satisfactory advisory committees in large centres? The commercial representatives thought that there would be no difficulty in Calcutta and Bombay. It might be necessary to have a fairly large

panel from which a selection could be made to deal with particular cases coming forward. It was further explained that it would in any case be optional on an assessee to choose whether his case should be submitted to the advisory committee, or whether he should settle it himself with the Collector.

15. Should war bonds or Treasury Bills be accepted in payment of excess profits duty? Mr. Ironside suggested that this should be done. It was pointed out to him that the acceptance of war bonds would not add to the resources of Government, as Government had no liability to pay on the war bonds for some years, while there would be an immediate liability on businesses to pay excess profits duty. It is doubtful whether the acceptance of Treasury Bills at a discount in payment of the duty would be of any material convenience to businesses, since they can probably be readily discounted.

Bombay, 17*th October* 1918.

From

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

HON'BLE SIR WILLIAM MEYER, K.C.S.I.,

Finance Member,

Viceregal Executive Council,

SIMLA.

Sir,

The memorandum of the points regarding the Proposed Excess Profits Duty raised at an informal meeting held at Simla on September 23rd 1918 was placed by the Hon'ble Sir

Fazulbhoy Currimbhoy, before my Committee for consideration. They have discussed the subject in its various bearings and I am directed to submit their opinion *seriatim* :—

My Committee request your attention to the fact that in view of the prospects of an early peace, the expenditure outlined by the Finance Member might not be required and in that case my Committee would respectfully urge on Government to drop this duty altogether. If however the expenditure must be incurred and the excess profits duty levied, then my Committee are of opinion that it should be on the following lines :—

(1) My Committee are agreed that provision should be made for the payment of Excess profits duty by four instalments and it would be preferable to embody the provision in the Act that four instalments should be permissible.

(2) The exemption limit might be fixed at Rs. 50,000.

(3) My Committee are of opinion that the calculation of normal expectation of profits might be made on the average of profits of any four best years to be selected by the assessee out of a series of six previous years from March 1918 backwards to March 1912, irrespective of the dates when the actual accounts-years close.

(4) As an alternative, the assessee should have the option of calculating his normal profits at a fixed standard of 15% on Capital including reserve funds and paid up capital except debentures, loans and credits.

(5) All businesses should be given the option of choosing their own method.

(6) My Committee are of opinion that capital should be defined as the assets of the business less debentures, credits and loans and not merely actual capital.

(7) Businesses which have increased their capital during the period of assessment should have their normal expectation of profits increased in proportion to the increase in capital.

(8) With regard to the laying down in the Act of general basic percentage of capital as representing the normal profits, my Committee concur with the view that it would be sufficient to lay down one minimum percentage in the Act *viz.* 15% for industries and 10% for others; and to give collectors of the duty power necessarily in consultation with an Advisory Committee, on which commercial community should be represented with power to enhance this percentage for particular classes of business.

(9) Interest on amounts invested in Indian War Loans should be taken into account as part of profits in the assessment to excess profits duty.

(10) My Committee are not in a position to give a definite opinion at this stage but are inclined to agree with Mr. Howard's suggestion.

(11) The case of those businesses the whole or the major part of whose output is sold to Government at controlled or specially low prices might be treated as a special case.

(12) All firms whether they have their head offices in England or in the Native States should be assessed and should pay the duty in India.

(13) For the purposes of this assessment industries might be allowed to change the date of their account year. My Committee would further suggest that as provided in the Income-Tax Act, assessees should be allowed to adjust their payments in subsequent years when they may not be liable to this duty.

(14) My Committee are strongly of opinion that there will be no difficulty in obtaining satisfactory Advisory Committees in Bombay and Calcutta, and in large centres.

(15) My Committee believe that War Bonds or Treasury Bills should not be accepted in payment of this duty. My Committee would further suggest as provided in the Income-Tax Act, that assessees should be allowed to adjust their payments in subsequent years when they may not be liable to the duty.

I have the Honour to be,
Sir,
Your most obedient Servant,
S. S. MEHTA,
Secretary.

APPENDIX No. 6.

Representation on the Priority Committee.

No. 2432—W of 1918.

Revenue Department.
War

Bombay Castle, 11th October 1918.

From

A. F. L. BRAYNE, Esquire, I. C. S.,
Under Secretary to the Government of Bombay.

To

The Secretary,
Indian Merchants' Chamber and Bureau.

Sir,

I am directed to inform you that the Hon'ble Mr. Manmohandas Ramji, who on the recommendation of your Chamber, was appointed a member of the Priority Committee, Bombay has, for reasons of health, resigned his seat on the Committee, and to request that you will ask the Chamber to recommend the name of another member for appointment on the Committee.

I have the honour to be,

Sir,

Your most obedient servant,

F. BRAYNE,

Under Secretary to Government.

Bombay 19*th October* 1918.

From

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

A. F. L. BRAYNE, Esquire, I. C. S.,

Under Secretary to the Government of Bombay;

BOMBAY.

Sir,

In reply to your No. 2432 W dated the 11th instant I am directed by my Committee to inform you that they recommend the name of Sir Vithaldas D. Thackersey Kt., for appointment on the Priority Committee, Bombay, in place of the Hon'ble Mr. Manmohandas Ramji.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX No. 7.

Short-Landed Packages.

S. R. No. 3472 of 1918.

From

P. ECCLES, Esquire, I. C. S.,
Collector of Customs,
BOMBAY.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Bombay, Custom House.
12th October, 1918.

Sir,

It has been the practice in this and other Custom Houses in case in which packages which are short-landed are included in the Import Manifest of a vessel, the bill of entry put in, and the duty paid to give importers the option either of claiming a refund on the short-lande dpackages within three months or of passing such packages free of duty when they subsequently arrive by a later vessel provided this is done within three months. This system, however, does not appear to be legally correct and it involves some risk to Government revenue as the value of the goods may in the meantime have increased or the rate of duty changed. Nor does it appear that it saves importers much, if any, inconvenience, while within this offices it causes considerable delay. The parctice has now been abandoned in the

other chief ports and I propose that it should similarly be abandoned here. Before doing so, however, I shall be glad to know whether the procedure has been found so advantageous that its abandonment would cause serious inconvenience.

I have the honour to be,
Sir,
Your most obedient servant,
P. ECCLES,
Collector of Customs.

18*th October*, 1918.

From

The Secretary,
The Indian Merchants' Chamber & Bureau,
BOMBAY.

To

P. ECCLES, Esquire, I. C. S.,
Collector of Customs,
BOMBAY.

Sir,

With reference to your No. S. R. 3472 dated the 12th instant I am directed to say that my Committee are of opinion that until the system of refund which is full of complication involving tedious details of routine and delay is improved the present system of giving option should not be discontinued.

I have the honour to be,
Sir,
Your most obedient servant,
S. S. MEHTA,
Secretary.

S R. No. 3472 of 1918.

From

P. ECCLES, Esquire, I. C. S.,
Collector of Customs,
BOMBAY.

To

The Secretary,
Indian Merchants' Chamber & Bureau
BOMBAY.

Bombay Custom House,
26th October, 1918,

Sir,

With reference to your letter dated the 18th Current, I have the honour to inform you that from 1st November 1918 the system hitherto followed of allowing free entry on goods short-landed by one vessel and subsequently brought by a later vessel will be discontinued. Importers therefore who have paid duty on packages which are short-landed should put in their claim for refund of duty and not apply to pass the packages free if subsequently landed from another vessel. Such claim should be made within three months of the date of payment of duty, otherwise refund cannot be allowed *vide* Section 40 of the Sea Customs Act.

I have the honour to be,
Sir,
Your most obedient servant,
P. ECCLES,
Collector of Customs.

APPENDIX No. 8.

Representation of the Committee on the proposed Bombay Cotton Contracts Control Bill.

To

His Excellency the Governor of Bombay,

The President of the Bombay Legislative Council.

MAY IT PLEASE YOUR EXCELLENCY,

We, the Committee of the Indian Merchants' Chamber and Bureau, beg leave to lay before Your Excellency the following representation in regard to the proposed Bombay Cotton Contracts Control (War Provisions) Bill.

Although the said Bill has not been specifically referred to the Chamber my Committee are constrained to protest against the procedure as well as certain principles of the Bill. My Committee should like to point out in the first instance that this Bill, which involves ordinary legislation in regard to the practice of the Cotton Trade, has not been referred to this Chamber or to the various bodies interested in the cotton trade for their opinion before being placed before the Legislative Council. This omission is open to criticism and my Committee would respectfully protest against the Bill being carried through, without the views of this Chamber and of the various bodies being ascertained.

This Bill, it is understood, is a temporary measure. My Committee have, therefore, no desire to criticise it in detail, though there are several points in its various provisions on which

there is a wide difference of opinion. While as a general rule, my Committee disapprove of Government interference in matters of trade, if in the opinion of the Legislative Council it is required in this instance, they cannot countenance the constitution of a Board in which the control is left in the hands of members nominated by Government. The control should be vested in a body elected by the Trade themselves. The clause (3) 2, therefore, needs modification in this direction. While approving the main aim of the proposed Bill, namely the establishment of a Clearing House, my Committee are strongly opposed to the proposal for the powers for the formation of a new association to be left in the hands of the Board but are of opinion that the constitution of the new association and all other matters relating thereto should come before the Legislature and should be sanctioned by a specific act. My Committee are of opinion that clause 4(1) *h* should be dropped. In conclusion my Committee would respectfully urge that when the time for permanent legislation for the regulation of cotton trade comes, this Chamber and other bodies interested in the cotton trade will be given ample opportunities for expressing their views for making suggestions for the consideration of Government.

I have the honour

to remain

Your Excellency's most obedient servant,

K. M. DESAI,

Acting Secretary.

Appendix No. 9.

Address to His Excellency Sir George Lloyd.

INDIAN CHAMBER'S ADDRESS.

The members of the committee of the Indian Merchants' Chamber and Bureau met at the Secretariat at 12 noon and presented an address of welcome to the new Governor. Among those present were:—The Hon. Mr. Chunilal V. Mehta, (Chairman), Mr. Jehangir Bomanji Petit, (Vice Chairman), the Hon. Mr. Lallubhai Samaldas, C. I. E., Mr. Jamnadas Dwarkadas, the Hon. Mr. Purshotamdas Thakordas, Sir Vithaldas D. Thakersey, Mr. Hansraj Pragjee Thakersey, Mr. Manu Subedar. Messrs. Motilal Vallabhjee, Motilal Kanji, Gulabchand Devchand Zaveri, Sorabji Edulji Warden, Moolji Haridas, Narandas, Purushottam, Mathuradas Vasanji, Naranji Haribhai (Grain Merchants' Association), Laxmichand M. Khokhani, (The Bombay Shroff Association, S. B. Billimoria (The Professional Accountants' Association), and Mr. J. K. Mehta, the Secretary.

Mr. F. P. Cowie, the Secretary, presented the Hon. Mr. Chunilal Mehta, the Chairman, to His Excellency. Mr. Chunilal then read the following address:—

May it please your Excellency,—We the President and Members of the Indian Merchants' Chamber and Bureau, a body representing the large mercantile interests of the Indian community of Bombay, beg leave to offer our cordial welcome to Your Excellency on your landing here to take charge of the Governorship of this Presidency. We have also great pleasure in tendering a hearty welcome to Her Excellency Lady Lloyd. It must be a matter of sincere gratification to Your Excellency as it is to all of us that your arrival here coincides with the

successful termination of the world-wide war that the British Empire and her Allies had to wage against the militarism of Germany and the Central States. It is a matter of pride to us that our country has ungrudgingly and cheerfully rendered all the assistance that she could to the Empire in winnig this war. We in Bombay, Sir, besides contributing our share to the assistance given by this country in achieving this result have reason to take legitimate pride in having played a very important part as the military base in this country in making all supply and transport arrangements for the outgoing troops and providing medical assistance and relief to the incoming wounded soldiers. In the work of reconstruction after the war, many important problems relating to commerce and industry will come up for the consideration of Your Excellency in the near future. There is a unanimous feeling in the commercial community of this country that fiscal autonomy is essential for the protection of Indian trade and industrial interests. In all these various matters we hope we shall have Your Excellency's support. We have read with genuine interest Your Excellency's speech during the debate in the House of Commons on the Montagu-Chelmsford Report. It showed Your Excellency's sincere sympathy with the aspirations of our countrymen which, we feel confident, will go on increasing as Your Excellency comes more and more into contact with the people. We ought to trust that Your Excellency's experience of Parliamentary and public life in Great Britain will enable you to bring to bear a broad and sympathetic outlook on all questions relating to the improvement of the moral and material condition of the Presidency.

COMMERCE AND INDUSTRY.

As there is to be established Provincial Autonomy under the new administrative reforms outlined by the Montagu-Chelmsford Report, the local Government will have to deal more

closely with commercial and industrial matters of this Presidency; and we earnestly hope that the interests of Indian commerce and industries will receive careful and favourable consideration at Your Excellency's hands. We desire to bring to Your Excellency's notice the fact that particularly during the later stages of the War the prices of all materials and even of the bare necessaries of life have kept an abnormally high level owing to War conditions. This has been a source of great hardship to the poorer classes. The present grave agricultural situation has unfortunately tended to increase the distress. As Your Excellency is aware, the greater portions of Gujarat, the Deccan and the Konkan have had very little rain with the result that almost famine conditions prevail in those districts. Owing to these circumstances and the disorganisation that follows the sudden ending of the great war, a severe depression in trade and industry has already set in and we realise that during the first year of your regime, Your Excellency's hands will be full of difficult problems of foodshortage, famine and general trade depression. All these will require careful handling and we beg to assure Your Excellency of the whole-hearted assistance of this Chamber and of the entire Indian commercial community. We beg once more to tender to Your Excellency and Lady Lloyd a cordial welcome with best wishes for your health during your stay in this country; and we fervently hope that in the great task now lying before you Your Excellency's efforts will be attended with success for the advancement and welfare of the Presidency.—Chairman, Chunilal V. Mehta; Vice-Chairman, Jehangir B. Petit; Secretary, J. K. Mehta.

SIR GEORGE LLOYD'S REPLY.

H. E. Sir George Lloyd replying to the address said:—Mr. Chairman and Members of the Indian Merchants' Chamber and Bureau, I am very glad to have this early opportunity of meeting you and the Members of your Society, numbering as it does many of the most prominent Indian Merchants in Bombay

and I thank you very warmly on Lady Lloyd's behalf as well as my own for the welcome you have given me upon my assumption of the high office to which His Majesty the King-Emperor has done me the honour of appointing me. It is, as you say, the greatest gratification to me to think that the opening of my term of office in this Presidency coincides so happily with the close of the war and the triumphant achievement of victory over our enemies. You have just cause for pride in the splendid contribution of men, money and material which India has furnished to the Empire,and not least in the part that this great city and Presidency has played. Bombay has mobilised to the full all its energy, its wealth and its powers of organisation in that great cause. The faith of India in the Empire and the unswerving faith of the Empire in India has been nobly justified by your efforts and determination. The problems of war must now give way before the problems of peace. That these will present many difficulties I do not doubt, but I am sure that if we face them with the same mutual confidence and courage that brought us victory in war we shall succeed in the same degree in their solution. I have already stated in public that the Secretary of State's declartion of August 20th, 1917, has my real and unqualified support. Let me say how much India's attitude of order, sympathy and help during the war has been responsible for quickening the desire of the Imperial Parliament soberly but definitely to satisfy India's aspirations for self-government in the Empire. Two ingredients are, however, essential to the carrying out of all great reform schemes. The first is mutual faith, faith on the part of the Government in the goodwill of those who seek reforms, accompanied by faith on the part of the people in Government's sincere and real intentions. The other necessary ingredient is the recognition on the parts of all concerned that the problem is a really complex one, insoluble by mere talk and only to be satisfied by the rugged operation of all the best brains of the country upon a difficult but splendid problem. I recognise

too that the interests of Indian commerce and industry will need, and will receive at my hand sympathetic and studied attention and I shall always be anxious to do all that I can to assist the legitimate expansion and the welfare of Indian trade.

HIGH PRICES AND HARDSHIP.

I am very sorry indeed to hear that high prices caused hardship to the poorer classes of the community and that grave agricultural scarcity tends to aggravate this unfortunate situation. I understand, however, that one source of hardship has been removed by the Rent Act recently passed by my predecessor's Government. The prices of every necessity of life can, however, only be checked in the increase to the supplies available. I understand that measures have already been taken to provide facilities for bringing the rice from Burma and grain from other parts of India and I am glad to have the assurance of so prominent and influential a body as yourselves that you will assist whole-heartedly in the bringing in of supplies for the poorer classes of the people. I am afraid that some depression in trade and industry is an inevitable if temporary result of a long period of war conditions. With the resumption, however, of the normal activities of civil life I trust that an improvement may be looked for. The victories of war have also opened out large fields in Africa and Mesopotamia for your industry. The great trading communities of Western India have in past years shewn their enterprise and energy in so many parts of Africa and Asia that I am confident that they will not be behind hand in seizing these new opportunities which should bring benefit and wealth both to India and to the countries with whom you trade. Gentlemen, in conclusion I thank you again for your kindly welcome to Lady Lloyd and myself and I assure you that the wide interests and welfare of your important Chamber

will always have the sympathetic attention of my Government. (Applause.)

Mr. Chunilal Mehta then introduced the members of the deputation. His Excellency shook honds with them.

APPENDIX No. 10.

Representation of the Commercial community on the Imperial War cabinet in connection with the Peace Conference.

The following Telegram was sent to His Excellency the Viceroy the connection with the Peace Conference.

From,

The Hon'ble Mr. C. V. MEHTA,

President.

To

His Excellency the Viceroy,

DELHI.

The Committee of the Indian Merchants' Chamber are gratified that the Government of the United Kingdom have again invited the Government of India to send representatives to sit in the Imperial War Cabinet, who we understand will also represent India at the Peace Conference. They approve of the appointment of Sir S. P. Sinha and the Maharaja of Bikaner, the former to represent general interests of British India and the latter to represent interests of Indian states. They take this opportunity of conveying to Your Excellency the very strong feeling that exists among the Indian mercantile

community of the need of having adequate additional representation from among the Indian commercial community to safeguard the interests of Indian trade and industries. They respectfully beg to point out that the representation of this country as compared with that of Colonies is wholly inadequate and they trust that Your Excellency will move the authorities in England to grant their request.

No. 337—D.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

Delhi, the 3rd December 1918.

From

A. H. LEY, Esq., C. I. E., I. C. S.,
Joint Secretary to the Government of India.

To

The Hon'ble Mr. C. V. MEHTA,
President,
Indian Merchants Chamber, BOMBAY.

Sir,

I am directed to acknowledge the receipt of your telegram dated the 26th November 1918, to the address of His Excellency the Viceroy suggesting the addition of an Indian Commercial representative to the number of delegates deputed to the Imperial War Cabinet and to say that it will be submitted to the Government of India.

I have the honour to be,
Sir,
Your most obedient servant,

(Sd.)

for Joint Secretary to the Government of India.

APPENDIX No. 11.

Armistice Celebration.

The following telegram was sent to His Excellency the Viceroy in connection with the armistice celebrations.

From

The Hon'ble Mr. C. V. MEHTA,
President.

To

His Excellency the Viceroy,
DEHLI.

The President and members of the Indian Merchants Chamber offer on this day of festivities to Your Excellency sincere congratulations on the victory of the allied arms and beg leave to convey to you the universal feeling of joy amongst the Indian mercantile community at this happy result.

Viceregal Lodge, Delhi.
3rd *December 1918.*

The Hon'ble
Mr. C. V. Mehta, M. A., LL. B.,
President, Indian Merchants Chamber, Bombay.

Dear Sir,

I am directed to acknowledge with thanks the congratulations of the Members of the Indian Merchants Chamber, Bombay, on the final victory of the Allies, conveyed in your telegram of the 26th November 1918 which has been laid before His Excellency the Viceroy.

Yours faithfully,
D. G. MACKENZIE.

APPENDIX No. 12.

Provincial Insolvency Act of 1907.

No. 6660 of 1918.

Judicial Department;

Bombay Castle, 10th October 1918.

From

W. T. CONWAY, Esq.,

Acting Under Secretary to the Government of Bombay;

To

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

Sir,

I am directed to forward herewith a copy of a Resolution of Government in this Department, No. 6658, dated this day, and to request that you will be so good as to furnish Government with the opinion of the Indian Merchants' Chamber and Bureau, on the provisions of the Bill to amend the Provincial Insolvency Act III of 1907, specially on clause 25 of the Bill.

2. I am also to request that the reply to this letter may be sent so as to reach Government not later than the 15th November, 1918.

I have the honour to be,

Sir,

Your most obedient servant,

M. CONWAY,

Acting Under Secretary to Government.

A BILL

Further to amend the Provincial Insolvency Act, 1907.

III of 1907. WHEREAS it is expedient further to amend the Provincial Insolvency Act, 1907; It is hereby enacted as follows:—

1. This Act may be called the Provincial Insolvency (Amendment) Act, 1907.

Short title.

III of 1907. 2. In section 2, sub-section (1), of the Provincial Insolvency Act, 1907 (hereinafter referred to as the said Act), the following amendments shall be made namely :—

Amendment of section 2, Act III of 1907.

(*i*) the definition of "available act of insolvency" shall be omitted;

(*ii*) to the definition of "property" the following words shall be added "but does not include property held on trust for any other person" and

(*iii*) the following definition shall be added, namely :—

Cf s. 2(1) Act III of 1909. (*h*) 'transfer of property' includes a transfer of any interest therein and any charge created thereon,"

3. After section 3 of the said Act, the following section shall be inserted, namely :—

Insertion of new section 3-A. in Act III of 1907.

Cf. s. 7 Act III of 1909.

3-A. Subject to the provisions of this Act, the Court shall have full power to decide all questions of priorities and all other questions whatsoever, whether of law or of fact, which may arise in any case of insolvency coming within the cognisance of the Court, or which the Court may deem expedient or necessary to decide for the purpose of doing complete justice or making a complete distribution of property in any such case."

Power of Court to decide all questions arising in insolvency.

4. For section 6 of the said Act the following sections shall be substituted, namely :—

Substitutions of new sections for section 6, Act III of 1907.

"6-A. No insolvency petition shall be presented against any corporation or against any association or company registred under any enactment for the time being in force.

Exemption of corporation. etc,. from insolveney Proceedings.

6-B (1) A creditor shall not be entitled to present an insolvency petition against a debtor unless—

Conditions on which creditor may petition.

(*a*) the debt owing by the bebtor to the creditor, or, if two on more creditors join in the petition, the aggregate amount of debts owing to such creditors amount to five hundred rupees, and

(*b*) the debt is a liquidated sum payable either immediately or at some certain future time, and

(c) the act of insolvency on which the petition is grounded has occurred within three months before the presentation of the petition.

(2) If the petitioning creditor is a secured creditor, he shall in his petition either state that he is willing to relinquish his security for the benefit of the creditors in the event of the debtor being adjudged insolvent, or give an estimate of the value, of the security. In the latter case he may be admitted as a petitioning creditor to the extent of the balance of the debt due to him after deducting the value so estimated in the same way as if he were an unsecured creditor.

Conditions on which debtor may petition.

6-C. A debtor shall not be entitled to present an insolvency petition unless—

(a) his debts amount to five hundred rupees; or

(b) he has been arrested or imprisoned in execution of the decree of any Court for the payment of money; or

(c) an order of attachment in execution of such a decree has been made, and is subsisting, against his property:

Provided that a debtor in respect of whom an order of adjudication made under this Act has been annulled, owing to his failure to apply, or to prosecute an application for

his discharge, shall not be entitled to present an insolvency petition without the leave of the Court by which the order of adjudication was annulled. Such Court shall not grant leave unless it is satisfied that the petition is founded on substantially different facts from those contained in the petition on which the order of adjudication was made.

Court to which petitions shall be presented.

6-D. Every insolvency petition shall be presented to a Court having jurisdiction under this Act in any local area in which the debtor ordinarily resides or carries on business, or personally works for gain, or if he has been arrested or imprisoned where he is in custody :

Provided that no objection as to the place of presentment shall be allowed by any appellate or revisional Court unless such objection was taken in the Court by which the petition was heard at the earliest possible opportunity, and unless there has been a consequent failure of justice.

V of 1908.

Verification of and procedure for admission of petition.

6-E. Every insolvency petition shall be in writing, and shall be signed and verified in the manner prescribed by the Code of Civil Procedure, 1908, for signing and verifying plaints, and the procedure laid down by the said Code with respect to the admission of plaints shall, so far as it is applicable, be followed in the case of such petitions."

Amendment of section 10, Act III of 1907.

5. In section 10 of the said Act, for the words "if he were alive," the words "as far as may be necessary for the

realization and distribution of the property of the debtor," shall be substituted.

Amendment of section 11, Act III of 1907.

6. To section 11, sub-section (1) of the said Act, the following clauses shall be added, namely :—

"(*f*) A statement whether the debtor has on any previous occasion filed a petition to be adjudged an insolvent, and—

(*i*) If such petition has been dismissed, the reasons for such dismissal, or

(*ii*) If the debtor has been adjudged an insolvent, concise particulars of the insolvency including a statement whether any previous adjudication has been annulled owing to his failure to apply, or to prosecute an application for his discharge."

Amendment of section 12, Act III of 1907.

7. In section 12 of the said Act, after sub-section (3), the following sub-section shall be inserted, namely :—

Cf. s. 16, Act III of 1909.

"(4) The Court, when making an order under sub-section ( ) shall, unless for reasons to be recorded in writing it otherwise directs, point an interim receiver of the property of the debtor, or of any part thereof, and may direct him to take immediate possession thereof or any part thereof, and the interim receiver shall thereupon have such of the powers conferable on a receiver appointed under the Code of Civil Procedure, V. of 1908. 1908, as the Court may direct. If an interim receiver is not so appointed, the Court may, at any subsequent time before adjudication,

likewise appoint an interim receiver of the property of the debtor or any part thereof, and the provisions of this subsection shall apply accordingly."

Amendment of section 13, Act III of 1907.

8. In section 13 of the said Act, clause (2) shall be omitted, and in the proviso to the said section, the word and figure "clause (2)" shall also be omitted.

Amendment of section 14, Act III of 1907.

9. In section 14, sub-section (1), of the said Act, the word "and" where it occurs at the end of clause *(b)* of that sub-section shall be omitted, and after clause *(c)* the following clause shall be added, namely :—

"(*d*) in the case of a petition presented by a debtor that he is unable to pay his debts."

Amendment of section 15, Act III of 1907.

10. (1) In section 15, sub-section (1), of the said Act for the words 'Where the Court" the words "In the case of a petition presented by a creditor, where the Court" shall be prefixed.

(2) After sub-section (1) of the same section, the following sub-section shall be inserted, namely :—

"(1*A*). In the case of a petition presented by a debtor, the Court shall dismiss the petition—

(*i*) where the Court is not satisfied with the proof of the right to present the petition, or of the fact that the debtor is unable to pay his debts, and

(*ii*) where the Court is satisfied that the petition is grounded on substantially the same facts as were the grounds for a previous petition by the debtor leading to an order of adjudication which was annulled owing to his failure to apply, or to prosecute an application, for his discharge."

Amendment of section 16, Act III of 1907.

11. In section 16 of the said Act, the following amendments shall be made, namely:—

(1) In sub-section (1) the words "and the debtor is unable to propose any composition or scheme which shall be accepted by the creditors and approved by the Court in the manner hereinafter provided" shall be omitted, and after the word 'adjudication," the following words shall be added, namely:—"and shall specify in such order the period within which the debtor shall apply for his discharge."

(2) In sub-section (2), the following words, namely:—"and (*b*) the insolvent if in prison for debt, shall be released"; and "or person" shall be omitted.

(3) In sub-section (7) after the word "adjudication," where that word occurs for the second time, the words "the period within which the debtor shall apply for his discharge" shall be inserted.

(4) After sub-section (7) the following sub-section shall be inserted, namely:—

"(8) The Court may, if sufficient cause is shown, extend the period within which the debtor shall apply for his discharge."

12. After section 16 of the said Act, the following section shall be inserted namely:—

Insertion of new section 16.A., Act III of 1907.

[Cf. s. 25, Act III of 1909]

"16-A. (1) Any insolvent in respect of whom an order of adjudication has been made may apply to the Court for protection, and the Court may on such application make an order for the protection of the insolvent from arrest or detention.

Protection order.

(2) A protection order may apply either to all the debts of the debtor, or to any of them as the Court may think proper, and may commence and take effect at and for such time as the Court may direct, and may be revoked or renewed as the Court may think fit.

(3) A protection order shall protect the insolvent from being arrested or detained in prison for any debt to which such order applies, and any insolvent arrested or detained contrary to the terms of such an order shall be entitled to his release:—

Provided that no such order shall operate to prejudice the rights of any creditor in the event of such order being revoked or the adjudication annulled.

(4) Any creditor shall be entitled to appear and oppose the grant of a protection order.

13. In sub-section (1) of section 24 of the said Act, for the words "All persons" the words "When an order of adjudication has been made under this Act, all persons" shall be substituted;

Amendment of section 24, Act III of 1907.

And in sub-section (3) of the same section, after the words "other creditors" the words "who have proved their debts" shall be inserted.

Amendment of section 27, Act III of 1907.

14. In section 27 of the said Act the following amendments shall be made, namely:—

[Cf. s. 28 (1) Act III of 1909.]

(1) In sub-section (1) the words "whether before or" shall be omitted.

(2) In sub-section (7) the words and brackets "(if any)" shall be omitted.

(3) In sub-section (8) for the word "adjudge" the word "readjudge" and for the word "adjudged" the word "readjudged" shall be substituted.

Amendment of section 34, Act IIIof 1907.

15. To section 34, sub-section (1) the following shall be added, namely:—

Cf s. 53 (1), Act III of 1909.

"and before he had notice of the presentation of any insolvency petition by or against the debtor."

Amendment of section 37, Act III of 1907.

16. In section 37, sub-section (1), the words "or of any interest therein" shall be omitted.

Amendment of section 38, Act III of 1907.

17. In the proviso to section 38 after the word "adjudication" the words "and is *bonâ fide*" shall be added.

Amendment of section 43, Act III of 1907.

18. In section 43 of the said Act, the following amendments shall be made, namely:—

(1) In sub-section (1) after the word "debtor" the words "on the making of an order under section 12 (1) and" shall be inserted; and, for the words "give such aid in the realisation of his property and the distribution of the proceeds among his creditors" the words "do all such acts and things in relation to his property" shall be substituted.

(2) For sub-section (2) the following sub-section shall be substituted, namely :—

"(2) A debtor shall, if adjudged insolvent, aid to the utmost of his power in the realisation of his property and the distribution of the proceeds among his creditors."

19. After section 43 of the said Act the following sections shall be inserted, namely :—

Insertion of new sections 43A, 43B, and 43C in Act III of 1907.

Ct. s. 193, Act III of 1909.

"43A. It a debtor whether before or after the making of an order of adjudication,

Offences by debtor.

(*a*) wilfully fails to perform the duties imposed on him by section 43, or to deliver up possession of any part of his property which is divisible among his creditors under this Act, and which is for the time being in his possession or under his control to the Court or to any person authorised by the Court to take possession of it, or

(*b*) fraudulently with intent to conceal the state of his affairs or to defeat the objects of this Act.

(*i*) has destroyed or otherwise wilfully prevented or purposely withheld the production of any document relating to such of his affairs as are subject to investigation under this Act, or

(*ii*) has kept or caused to be kept false books, or

(*iii*) has made false entries in or withheld entries from or wilfully altered or falsified any document relating to such of his affairs as are subject to investigation under this Act, or

(*c*) fraudulently with intent to diminish the sum to be divided among his creditors or of giving an undue preference to any of his creditors,—

(*i*) has discharged or concealed any debt due to or from him, or

(*ii*) has made away with, charged, mortgaged or concealed any part of his property of what kind soever,

he shall be punishable on conviction by the Court with imprisonment which may extend to one year."

Cf. s. 104, Act III of 1909.

Procedure on charge under section 43.

43-B. (1) Where the Court is satisfied that there is ground for inquiring into any offence referred to in section 43A, the Court shall direct that a notice be served on the debtor in the manner

V of 1898. prescribed in the Code of Criminal Procedure, 1898, for service of a summons, calling on him to show cause why a charge or charges should not be framed against him.

(2) The notice shall set forth the substance of the offence, and any number of offences may be set forth in the same notice.

V of 1898. (3) At the hearing of such notice and of any charge framed in pursuance thereof, the Court shall, so far as may be, follow the procedure for the trial of warrant cases by Magistrates prescribed by Chapter XXI of the Code of Criminal Procedure, 1898, and nothing in Chapter XXIII of the said Code relating to trials before High Courts and Courts of Session shall be applicable to such trial.

(4) Any number of offences under this section may be charged at the same time.

Cf. s. 105 Act III of 1909

43.C. Where an insolvent has been guilty of any of the offences specified in section 43-A he shall not be exempt from being proceeded against therefore by reason that he has obtained his discharge or that a composition or scheme of arrangement has been accepted or approved.

Criminal liability after discharge or composition.

20. In section 44, sub-section (1) of the said Act, after the word "adjudication," the words "and shall within the time appointed by the Court" shall be inserted, and after sub-section (5) of the said section, the following sub-sections shall be inserted, namely :—

Amendment of section 44, Act III of 1907.

Cf. s. 41, Act III of 1909.

"(6) If the debtor does not appear on the day fixed for hearing his application for discharge or on such subsequent day as the Court may direct, or if the debtor does not apply for an order of discharge within the time appointed by the Court, the order of adjudication shall be annulled, and the provisions of section 42 (2) and (3) shall apply accordingly.

Cf. s. 23 (2) Act III of 1909.

(7) Where a debtor has been released from custody under the provisions of this Act, and the order of adjudication is annulled under sub-section (6), the Court may, if it thinks fit, re-commit the debtor to his former custody, and the jailor or keeper of the prison to whose custody such debtor is so re-committed shall receive such debtor into his custody according to such re-commitment, and thereupon all processes which were in force against the person of such debtor at the time of such release as aforesaid shall be deemed to be still in force against him as if such order had not been made."

Amendment of section 45, Act III of 1907.

21. In section 45 sub-section (1) of the said Act, after clause (c) the following clause shall be inserted, namely:—

C. s. 45 (d), Act IIIo 1909. V o 1898.

"(*d*) any liability under an order for maintenance made under section 488 of the Code of Criminal Procedure, 1898."

Amendment of section 46, Act III of 1907.

22. In sub-section (1) of section 46, after the words "aggrieved by" the words "a decision come to or" shall be inserted;

And in sub-section (2) of the same section after the words "aggrived by" the words "a decision come to by the District Court in the exercise of powers conferred by section 3-A, or" shall be inserted; and for the figures and word "43, sub-section (2)" the figures and letters "43 A" shall be substituted.

23. For section 48 of the said Act, the following section shall be substituted, namely:—

Substitution of new section for section 48, Act III of 1907.

"48 When a petition is presented by or against a debtor, if the Court is satisfied by affidavit or otherwise that the property of the debtor is not likely to exceed in value two hundred rupees, the Court may make an order that the debtor's estate be administered in a summary manner, and thereupon the provisions of this Act shall be subject to the following modifications:—

Summary administration.

(*i*) unless the Court otherwise directs, no notice required under this Act shall be published in the local official gazette;

(*ii*) on the admission of a petition by a debtor, the property of the debtor shall vest in the Court as a receiver;

(*iii*) at the hearing of the petition, the Court shall inquire into the debts and assets of the debtor and determine the same by order in writing, and it shall not be necessary to frame a schedule under the provisions of section 24;

(*iv*) the property of the debtor shall be realised with all reasonable despatch and, thereafter, when practicable, distributed in a single dividend;

(*v*) the debtor shall apply for his discharge within six months from the date of adjudication; and

(*vi*) such other modifications as may be prescribed with the view of saving expense and simplifying procedure;

Provided that the Court may at any time direct that the ordinary procedure provided for in this Act shall be followed in regard to the debtor's estate, and thereafter the Act shall have effect accordingly."

Insertion of new section after section 53, Act III of 1907.

24. After section 53 of the said Act, the following new section shall be inserted, namely :—

Disqualifications of insolvent.

"53A. (1) Where a debtor is adjudged or re-adjudged insolvent under this Act, he shall, subject to the provisions of this section, be disqualified from—

(*a*) being appointed or acting as a Magistrate;

(*b*) being elected to any office of any local authority where the appointment to such office is by election, or holding or exercising any such office to which no salary is attached; and

(*c*) being elected or siting or voting as a member of any local authority.

(2) The disqualifications which an insolvent is subject to under this section shall be removed and shall cease if—

(*a*) the order of adjudication is annulled under sub-section (1) of section 42 of this Act, or

(*b*) he obtains from the Court an order of discharge, whether absolute or conditional, with a certificate that his bankruptcy was caused by misfortune without any misconduct on his part.

The Court may grant or refuse such certificate as it thinks fit, but any order or refusal shall be subject to appeal."

Repeal of certain words in sections 12, 27 and 44, Act III of 1907.

25. The words "by publication in the local official gazette and" and the word "other" where they occur in section 12, sub-section (2), section 27, sub-section (1) and section 44, sub-section (1), shall be omitted.

STATEMENT OF OBJECTS AND REASONS.

Simla, the 20th August, 1918.

The object of this Bill is to amend the Provincial Insolvency Act, 1907 (III of 1907), which contains the law of Insolveney in force in British India outside the Presidency-towns and the town of Rangoon. The Act came into force on the 1st January, 1908, and since then with the exception of a few unimportant amendments made in 1914, it has not been amended. Ten years' experience of the parctical working of the Act has brought to light many defects which have from

time to time provoked criticism from most of the Local Governments and not a few of the Judges who have had to administer its provisions. Numerous suggestions for the amendment of the Act on various points have also been received from time to time from the commercial communities and members of the legal profession.

2. The chief indictment of the Act is that it lends itself to the protection of fraudulent debtors, that it subjects an undischarged insolvent to little or no parctical inconvenience, and that its provisions for the punishment of fraudulent insolvents are not effective in practice.

3. One of the principal defects in the existing law arises from the fact that the conduct of the debtor in many cases never comes under the scrutiny of the Court. The stage at which the misconduct of the debtor should come before the Court, and at which most of the provisions affecting a fraudulent insolvent would operate, is when he applies for his discharge. But there is nothing in the Act which requires him to apply for his discharge, and in practice such applications are rare. To remedy this unsatisfactory state of the law, it is proposed to include in the Act provisions which will compel an insolvent to apply to the Court within a prescribed period for his discharge or to lose the protection afforded by the insolvency proceedings. The Court will have power to extend the prescribed period and, when the adjudication order is annulled owing to the failure of the insolvent to apply in time for his discharge, a fresh petition on the same facts will be barred. These proposed changes are effected by the proviso to proposed new section 6C in clause 4 of the Bill, new sub-section (1A) (ii) in clause 10, the amendments in clause 11 (1), (3) and (4), and the amendments in clause 20.

4. It is now settled law that under the Act, as it stands, it is not open to the Court to reject the petition of a debter on the ground that the application is an abuse of the law, While

admitting that the object of an insolvency law is to deal with all insolvents, whether honest or not, and that no applicant who is in fact insolvent should be liable to have his petition dismissed *in limine*, it seems reasonable that the Court should have discretion as to the amount of protection to be afforded to a petitioning debtor in each individual case, the debtor being required to show that he is in fact unable to pay his debts, and that he has not concealed his property. These changes in the exsiting law are effected by the amendment in clauses 9 and 10 (2) and by clause 12, which inserts a new section 16A as to protection orders on the lines of section 25 of the Presidency Towns Insolvency Act, 1909.

5. A further defect in the Act is the absence of provisions sufficiently defining the power of Courts to decide questions of law and fact arising in insolvency proceedings. In certain cases, *e. g.*, those mentioned in sections 18 (3), 36 and 37, the Court is empowered to pass orders, and section 47 defines the general powers of the Court in regard to proceedings under the Act, but nowhere is a general power conferred on the Court to deal with and decide important questions of law and fact (*e. g.*, a question of title to property) which may arise in the insolvency proceedings. This question has recently been the subject of conflicting decisions in the Allahabad and the Calcutta High Courts. In *Nilmoni Chowdhri* v *Durga Charan Chowdhri* (22 C. W. N., 704), the Calcutta High Court dissenting from the Allahabad High Court held that the Insolvency Court has no such power, and that a question of title to property should be tried in a separate suit. It is obviously desirable that this conflict between the two High Courts should be terminated, and having regard to the prevalence of *benami* transactions in India and the importance of arming Courts with adequate powers for the speedy realisation of assets in the interests of creditors, the Government of India are of opinion that the Court should be given full power to decide all questions raised in insolvency proceedings. Clause 3 of the Bill accordingly enacts a provision on the lines of section 7 of the Presidency Towns Insolvency Act,

6. Proceedings instituted against fraudulent insolvents are frequently infructuous. This is largely due to the lack of precision in the Act as to the procedure to be adopted by the Court which desires to take action. The wording of sub-section (2) of section 43 is unduly vague, regard being had to the fact that it constitutes a criminal offence, and experience has shown that it frequently creates difficulties. It is proposed that the penal provisions of existing section 43 should be amended on the lines of section 103 of the Presidency Towns Insolvency Act, and that the procedure to be followed on a charge should be defined on the lines of section 104 of that Act. It is proposed to embody these provisions in the two separate sections 43-A and 43-B inserted by clause 19 of the Bill, which also inserts a new section 43-C containing provisions similar to those of section 105 of the Presidency Towns Insolvency Act. It seems desirable to make it clear that a dishonest insolvent who has been guilty of an offence under the Act can be proceeded against even after he has obtained his discharge, or after a composition submitted by him has been accepted.

7. The summary administration of petty insolvencies is now largely governed by rules made by the High Courts under section 51 (2) (*c*) of the Act, but it seems desirable that the Act itself should contain more detailed provisions than at present, and that further simplification of procedure should be effected. It is proposed therefore that, in addition to any further modifications to be made by rules, section 48 should contain certain definite provisions, and it is thought that, if these changes are made, it would be well to confine summary administration to cases where the assets do not exceed Rs. 200 instead of the existing limit of Rs. 500, and to reserve a discretion to the Court to direct the ordinary procedure to be followed in cases where it thinks such a course desirable.

8. These amendments will, it is hoped, go far to check the abuses rendered possible by the defects in the existing law.

9. Opportunity has been taken to effect certain minor amendments in the Act, and an explanation of the reasons for the changes proposed will be found in the *Notes on Clauses*.

G. R. LOWNDES.

Notes on Clauses.

Clause 2.—The expression "available act of insolvency" is not used anywhere else in the Act, and a definition therefore seems unnecessary. No such definition is to be found in the Presidency Towns Insolvency Act. The amendment in the definition of "property" makes it clear that trust property is not to be dealt with under the Act as property of the insolvent. It is proposed to include a definition of the expression "transfer of property" on the lines of the definition in section 2 of the Presidency Towns Act.

Clause 4—Is principally a drafting amendment. The opportunity has been taken to split up section 6 into five separate sections with a view to re-arrange its different parts in their logical order. New section 6A merely reproduces existing section 6 (6). New section 6 B deals with the conditions on which a creditor may petition and reproduces existing 6 (4) and (5). New section 6C deals with the debtor's petition and reproduces existing section 6 (3) with the addition of a proviso which is a corollary to the amendments in clauses 11 and 20 of the Bill regarding the annulment of an order of adjudication.

New section 6 D. reproduces existing section 6 (2) with the addition of a proviso which is designed to cure a defect. Section 6 (2) lays down where an insolvency petition is to be presented. but does not contain any saving in the event of the petition being presented in the wrong Court. The point was raised in *Madho Pershad* v. *Watson* (18 C. W. N., 1050), where the insolvent successfully presented an appeal on the ground

that the petition had been presented in the wrong Court. The proposed proviso is intended to stop this loophole in the existing law.

New section 6 E merely reproduces existing section 6 (1).

Clause 5—Amends section 10 to make it clear that the object of continuing proceedings on the death of the debtor is for the purpose only of realising and distributing his property.

Clause 6.—This amendment appears to be necessary in view of the proviso to section 6 C in clause 4 and section 1 A (*ii*) in clause 10.

Clause 7.—Section 13 (2) gives power to appoint an interim receiver at any time between the admission of the petition and the order of adjudication, but the Act is silent as to the powers of an interim receiver. It is considered desirable that an interim receiver should normally be appointed when the petition is admitted, and should be armed with such of the powers conferable on a receiver under the Code of Civil Procedure as the Court may direct (Cf. section 16 of the Presidency Towns Insolvency Act.) It is thought, however, that these provisions would come more appropriately into section 12 of the Act.

Clause 8 is consequential to the amendment in clause 7.

Clause 11.—The first amendment is consequential to the first amendment in clause 14.

The amendment of section 16 (2) is consequential to clause 12, which inserts a new section as to protection order.

The other amendments in this clause are explained in paragraphs 3 and 4 of the Statement of Objects and Reasons.

Clause 13.—The first amendment is one of drafting, and the second is designed to obviate the necessity of sending notices to creditors who have not yet proved their debts and thus to shorten the proceedings.

Clause 14.—Both section 16 (1) and section 27 contemplate the possibility of a composition or scheme *before* adjudication. The Presidency Towns Insolvency Act in section 28, on the other hand, only contemplates a composition *after* adjudication. Under the English law a composition can be made (1) after the receiving order and prior to adjudication, or (2) after adjudication. But under the Indian law there is no receiving order procedure at all, and the order of adjudication is made on the hearing of the petition. It is very doubtful whether under the Provincial Insolvency Act the Court would have before it the necessary facts to justify it, in dealing with compositions or schemes prior to adjudication. It is therefore proposed to follow in this respect the procedure under the Presidency Towns Insolvency Act and allow compositions and schemes only *after* adjudication. This is effected by the first two amendments.

The third amendment in this clause is a drafting one—*Cf.* sub-section (7) of section 27.

Clause 15.—As it stands, section 34 would not prevent the whole of the debtor's property from being sold for the benefit of an individual creditor after the filing of the petition and before the order of adjudication is made. The amendment prevents this and brings the section into line with section 53 of the Presidency Towns Insolvency Act.

Clause 16.—This amendment is consequential to the proposed definition of "transfer of property" in section 2.

Clause 17.—Makes it clear that the transactions referred to in section 38 are *bona fide* transactions. There appears to be no doubt that this is the intention.

Clause 18.—Apparently the duties imposed on the debtor by sub-section (1) of section 43 arise as soon as the Court has made an order under section 12 (1). It seems desirable to make this clear. It is difficult to see how the debtor can be under any obligation to assist in the distribution of his property, unless he is adjudged an insolvent. It is proposed therefore to amend the concluding part of sub-section (1), and to relegate to a separate sub-section the provisions which impose on the debtor the duty of aiding in the distribution of his property. Clause 18 effects these changes.

Clause 21.—The effect of existing section 45 is to release a discharged insolvent from liability under an order of maintenance made under section 488 of the Code of Criminal Procedure, 188, and in this respect the section is in conflict with section 45 of the Presidency Towns Insolvency Act. It is proposed to bring it into accord with the latter Act.

Clause 22.—In view of the power which the proposed new section 3A would confer on Courts exercising insolvency jurisdiction, it is proposed to provide specifically that decisions in the exercise of the power shall be appealable.

Clause 24.—Under the Indian law no statutory disabilities attached to the position of an undischarged insolvent. It is doubtful whether public opinion in this country is at present inclined to attach much disgrace to a person in this position, but it appears desirable that the sense of the community should be stimulated by providing certain statutory disqualifications in addition to those already imposed, *e.g.*, by the Regulations relating to members of the Legislative Council. A parallel provision is to be found in section 32 of the Bankruptcy Act, 1883 (46 & 47 Vict., c. 52).

Clause 25.—These amendments are introduced with a view to curtail the excessive number of notice which are at present required to be published in the Gazette.

14th November, 1918.

From

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

W. T. CONWAY ESQUIRE,

Acting Under Secretary to the Government of Bombay,

BOMBAY.

Sir,

In reply to your letter No. 6660 dated the 10th October 1918, I am directed to state that the Bill to amend the Provincial Insolvency Act, III of 1907 was considered by the Committee of this Chamber.

The Committee generally approve of the provisions of the Bill.

I have the honour to be,

Sir,

Your most obedient servant,

K. M. DESAI,

for Secretary.

APPENDIX No. 13.

Tariff Valuation.

No. 956-161 of 1918.

The Chamber of Commerce,
BOMBAY.
9th November 1918.

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Dear Sir,

In connection with the forthcoming revision of the import tariff, I am directed to inform you that the Director General of Commercial Intelligence will meet the Committee of this Chamber on Wednesday the 20th November 1918 at 4 p. m. in these rooms and to invite one or two representatives of your Chamber to attend the meeting.

I am, Dear Sir,
Yours faithfully,

Secretary.

13*th November* 1918.

To

The Secretary,
The Bombay Chamber of Commerce,
BOMBAY.

Dear Sir,

In reply to your letter No. 956/161 dated the 9th instant I am directed to inform you that the following gentlemen will represent the Committee of this Chamber on the revision of the Import Tariff Meeting to be held on Wednesday the 20th instant at 4 P. M. at your office.

(1) Mr. Motilal Kanji.

(2) Mr. Jamnadas Dwarkadas.

Yours Faithfully,
K. M. DESAI,
for Secretary.

3rd December, 1918.

From

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Director—General of Commercial Intelligence,

CALCUTTA.

Sir,

I am directed by the Committee of this Chamber to inform you that the Committee sent two representatives of this Chamber to the Bombay Chamber of Commerce to meet you on Wednesday the 20th November in connection with the revision of the Import Tariff. The Committee feel that the present practice of merely inviting one or two representatives of this Chamber through the Bombay Chamber of Commerce is not a satisfactory one, and would like to suggest that in future you will kindly arrange to give a separate interview to the Committee of this Chamber.

I have the honour to be,

Sir,

Your Most Obedient Servant,

J. K. METHA,

Secretary.

No. 919.

COMMERCIAL INTELLIGENCE DEPARTMENT, INDIA.

Calcutta, the 8th January, 1919.

From

H. A. F. LINDSAY, Esq., I. C. S.,
Director-General of Commercial Intelligence.

To

The Secretary,
Indian Merchants' Chamber and Bureau.
Old Telephone Buildings,
19, Bank Street, Bombay.

Sir,

In continuation of my letter No. 205 of the 7th instant I write to inform you that the Government of India do not think it necessary to make any change in the existing procedure for the discussion of Annual tariff valuations with trade interests at Bombay. Any suggestions of value which your chamber wish to make can be freely offered, as at present, by your representatives attending the meeting with the Bombay Chamber, and it is of advantage that such suggestions should also be debated by the representatives of the latter Chamber.

I have the Honour to be,
Sir,
Your most obedient Servant,
H. A. F. LINDSAY,
Director-General.

20th February, 1919.

From

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

To

H. A. F. LINDSAY, Esq. I. C. S.,
Director-General of Commercial Intelligence,
CALCUTTA.

Sir,

I am directed by the Committee of this Chamber to acknowledge the receipt of your letter of the 28th January, 1919 No. 919. My Committee note with regret that the Government of India do not think it necessary to make any change in the existing procedure for the discussion of the Annual Tariff Valuation with trade interests at Bombay. Under the existing procedure the Committee are represented by only two members who cannot be expected to deal with questions of tariff valuation regarding all the articles. The most satisfactory course under these circumstances is, as my Committee have previously pointed out, for the Director-General of Commercial Intelligence to see the whole of the Committee which alone will ensure his getting the real view of the commercial community. This is the object, my Committee presume, of all such meetings and if so the Government of India will be pleased to reconsider their decision. If however this is not possible, my Committee beg to suggest an alternative which is that they should be invited in a body to take part in the deliberations with the Bombay Chamber of Commerce. It is mentioned in your letter that "it is of advantage that such suggestions should also be debated by the representatives

of the latter Chamber (the Bombay Chamber of Commerce)." Under the alternative suggestion proposed by my Committee this advantage will be fully secured as both the Director-General and the Committee of the Bombay Chamber will have the opportunity to discuss all the proposals for tariff valuation with the whole of the Committee of this Chamber and not as hitherto with only two of their representatives.

My Committee hope that in view of the important interests involved the Government of India will be pleased to agree to the first alternative and if this is not possible, to the second alternative at least.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

No. 1951.

COMMERCIAL INTELLIGENCE DEPARTMENT, INDIA.

Calcutta, the 25th February 1919.

From

H. A. F. LINDSAY, Esq., I. C. S.,
Director-General of Commercial Intelligence.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

I have the honour to acknowledge receipt of your letter of the 20th instant regarding the procedure for the discussion of annual Tariff Valuations at Bombay. The Government

of India have already expressed their view, as communicated in my letter No. 919 of the 28th ultimo, that the existing procedure provides adequately for the representation of the views of your Chamber. Their instructions to me in the matter were final.

I have the honour to be,
Sir,
Your most obedient servant,
H. A. F. LINDSAY,
Director-General.

27th March 1919.

From

J. K. MEHTA, Esquire, M. A.,

Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Hon. Sir THOMAS HOLLAND, K.C.I.E., K.C.S.I.,
Member for Commerce and Industry.
Government of India,
SIMLA.

Sir,

I am directed by the Committee of this Chamber to send herewith copies of the correspondence that has passed recently between them and the Director-General of Commercial Intelligence for your kind and favourable consideration.

My Committee will be excused. they hope, if before dealing with the subject matter at issue, they go into the history of this question. So long back as 1914 the Hon'ble Mr. Purshottamdas Thakoredas, the then Chairman of this Chamber made the following observations regarding the revision of Tariff Valuation at a meeting of the Committee of this Chamber to see the Hon'ble Mr. Gillan, C. S. I., the then acting member for Commerce and Industry Government of India. "At the annual meetings held here to consider the revision of Tariff Valuations for Customs purposes, I am sorry to bring it to your notice that no representative of the Indian Mercantile Community of this City is invited. I need hardly say much to show that it is very necessary to have such representation from this Chamber on the said Committee as this Chamber will be able to give useful information and guidance to it. Not having heard what objections there can be to such a representation from this Chamber I do not propose to dwell further on this point."

To this the Hon'ble Mr. Gillan replied that "as to the demand of the Chamber to be represented on the Customs Tariff Valuation Committee, it was a concidence that this matter had already been taken up by the Government of India, which had asked for the opinions of the Provincial Governments," and that "there would thus be an opportunity to examine the suggestion of the Chamber, which would receive due consideration from the Government." Later the Committee were inform by Mr. P. Eccles, the then Offg. Collector of Customs, Bombay. in his letter of the 13th November 1915 R. S. R. No. 5334 of 1915 ("a copy of which is herewith attached for ready reference") that the Government of India considered that "the Director-General of Commercial Intelligence should also be in possession of the views of the Indian Merchants' Chamber & Bureau, Bombay" and that they wished if possible "it should be arranged that one or more representatives of the Indian Merchants' Chamber & Bureau should

also be invited to attend the Conference." Since then sometimes two and sometimes three representatives of the Committee have attended these annual Conferences held in the rooms of the Bombay Chamber of Commerce. These representatives brought to the notice of the Committee that they were under some disadvantage in discussing the revision of the Tariff at the Conference. The disadvantage they laboured under was that while the Committee of the Bombay Chamber of Commerce representing different trades attended the Conference, in a body these two or three representatives of my Committee had to speak on behalf of different trades. Despite the careful inquiries they may have made beforehand they could not naturally give any pronounced judgement in respect of questions affecting trades other than those with which they were immediately connected. My Committee therefore suggested to the Director-General of Commercial Intelligence in their letter of the 3rd December 1918 that the practice of merely inviting one or two representatives of this Chamber through the Bombay Chamber of Commerce was not a satisfactory one and that in future he would kindly arrange to give a separate interview to the Committee of this Chamber. To this the Director-General of Commercial Intelligence replied that the Government of India did not think it necessary to make any change in the existing procedure for the discussion of Annual Tariff Valuation with trade interests at Bombay and that any suggestions of value which this Chamber wished to make could be freely offered by their representatives attending the meeting with the Bombay Chamber of Commerce. He also emphasized that it was of advantage that such suggestions should also be debated by the representatives of the Bombay Chamber. My Committee again pointed out that the most satifactory course was for the Director-General of Commercial Intelligence to see the whole of the Committee which alone would ensure his getting the real view of the commercial community. Not only this but my Committee suggested an alternative in the way of compromise that they should be invited

in a body to take part in the deliberations with the Bombay Chamber of Commerce. My Committee pointed out that if it was of advantage that their suggestions should also be debated by the representatives of the Bombay Chamber of Commerce, this advantage would be fully secured under the alternative suggestions proposed by them. To this a brief reply was received from the Director-General of Commercial Intelligence that the Government of India had already expressed their views and that their instructions to him in the matter were final. My Committee venture to believe that the matter cannot rest here and so beg to approach you as the head of the Commerce and Industry Department with a request that you will be pleased to go through the whole case and in the hope that you will decide it in a manner which will safeguard the interests of the Indian commercial community and ensure the Government's receiving a duly considered opinion of the Committee of this Chamber with regard to such an important question as the revision of Tariff Valuaiton.

The two alternative suggestions put forward by my Committee are:—

1. That the Director-General of Commercial Intelligence should meet the Committee of this Chamber separately for the discussion of the Tariff Valuation.

OR

2. That the Committee of this Chamber should be invited in a body to attend the Conference held in the rooms of the Bombay Chamber of Commerce.

There does not appear to my Committee any reason why their first suggestion cannot be put into practice. There is no necessity for mentioning the fact that since a long time past members of the Government of India have been kind enough to see my Committee whenever they are in Bombay if there are important questions to be discussed. As the Tariff Valuation Conference take about one hour it will mean only one hour

more for the Director-General of Commercial Intelligence during his busy stay in Bombay. If however it is essential and useful that the suggestions should be discussed in a Joint Conference of two Chambers it should be arranged that the whole Committee of this Chamber should be invited to take part in the Conference. As remarked above two or three representatives of this Chamber will not be able to speak with authority with regard to questions that may arise regarding different trades and it will help the Government considerably in arriving at a definite decision if they can learn the views of the representatives of different trades on my committee. It is just because my Committee feel that the present procedure is defective in this particular case and that the suggestion made by them will be, if put into practice, for the best for both the Government and the trade that they have carried on this correspondence.

In conclusion my Committee again hope that either of the two alternatives proposed will be accepted by the Government of India.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

A copy of the above representation was again sent to the Hon. Sir George Barnes K. C. B. member for commence and Industry Government of India-Simla on the 18th July 1919.

No. 12958 of 1919.

REVENUE DEPARTMENT.

Bombay Castle, 28th November 1919

From

H. F. KNIGHT, Esq., I. C. S.,
Under Secretary to the Government of Bombay;

To

The Secretary,
The Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

With reference to your letter dated 18th July 1919, I am directed to forward a copy of the letter to the Government of India No. 11585 dated 1st November 1919, containing the views of the local Government with regard to the representation made by your Chamber for admission to the annual discussion of the revision of tariff valuation. I am to state that the Government of India agree with the views expressed in that letter and are of opinion that the present arrangements for the discussion are satisfactory and sufficient and that no change is necessary.

I have the honour to be,

Sir,

Your most obedient servant,

H. F. KNIGHT,

Under Secretary to Government.

No. 11585 of 1919.

REVENUE DEPARTMENT.

Bombay Castle, 1st November, 1919.

From

The Hon. Mr. P. J. MEAD, C. I. E., I. C. S.,
Chief Secretary to the Government of Bombay.

To

The Secretary to the Government of India,
Department of Commerce and Industry.

Sir,

With reference to Mr. Ansorge's letter No. 6536 dated 23rd August 1919, regarding the representation made by the Indian Merchants' Chamber and Bureau of Bombay for admission to the annual discussion of the revision of tariff valuation, I am directed to offer the following remarks.

2. The Chamber are dissatisfied with the existing arrangement, according to which they are allowed to send representatives to attend the annual conferences held by the Director General of Commercial Intelligence in the rooms of the Bombay Chamber of Commerce, and they suggest that either—

(1) the Director General should meet the Committee of the Indian Chamber separately for the discussion of the tariff valuation, or

(2) the Committee of the Chamber should be invited in a body to attend the conference held in the rooms of the Bombay Chamber of Commerce.

I am directed to state that the Governor in Council considers it unnecessary to acquiesce in either of these alternatives. Under the existing system, enquiries for the fixation of values are made fairly exhaustively beforehand by the appraisers who

consult the importers dealing in various articles. The Indian Chamber are sent a copy of the provisional rates proposed for discussion at the same time as a copy is sent to the Bombay Chamber of Commerce. The time available for the consideration of these rates is necessarily limited, but it is the same for both the bodies, and judging by the experience of past meetings, if any trade in which members of the Indian Chamber are specially interested is particularly affected, it would not be a matter of great difficulty for the representatives of that Chamber to put forward the views held by the members they represent. Accordingly the proposal for a joint meeting with all the members of the Indian Chamber is unnecessary and undesirable for the further reason that it would lead to similar requests from other interested trades and the size of the meeting eventually would render it difficult to control and transact business. A separate meeting with the Chamber is also to be deprecated, as, besides leading to representations from other commercial bodies for the same privilege, it would deprive both the Bombay Chamber of Commerce and the Indian Merchants' Chamber of the opportunity of discussing the suggestions offered by the other body. In the circumstances the Governor in Council would support the view entertained by the Government of India that the present arrangements are satisfactory and sufficient.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.) P. J. MEAD,

Chief Secretary to Government.

No. 288.

19*th November*, 1919.

To

The Secretary,

Commerce and Industry Department,

Government of India,

DELHI.

Dear Sir,

I beg to remind you of the representation sent by my Committee to the Hon'ble Sir George Barnes, K. C. B., member for Commerce and Industries, Government of India, through the Government of Bombay regarding the question of procedure of fixing tariff valuation, dated 18th July, 1919.

Yours faithfully,

J. K. MEHTA,

Secretary.

No. 350-D.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

Delhi, the 25th November, 1919.

From

E. C. ANSORGE, Esquire, I. C. S.,
Under Secretary to the Government of India.

To

J. K. MEHTA, Esquire, M. A.

Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

With reference to your letter dated the 19th November 1919, I am directed to say that the orders of the Government of India on the representation made by your Committee regarding the admission of the Indian Merchants' Chamber and Bureau to the annual discussion of the revision of tariff valuations were communicated to the Government of Bombay, on the 10th November, 1919.

I have the honour to be,
Sir,
Your most obedient servant,
E. C. ANSORGE,
Under Secretary to the Government of India.

No. 2109.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

Simla, the 17th April, 1919.

From

The Hon'ble Mr. A. H. LEY, C.I.E., I.C.S.,
Secretary to the Government of INDIA.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter dated the 27th March, addressed to the Hon'ble Sir THOMAS HOLLAND, and to say that the Government of India consider that there are obvious advantages in a joint conference between the Director-General, the Bombay Chamber of Commerce and your Chamber, and they are not disposed to disturb the principle of the existing arrangements.

2. The question remains whether, for practical purposes, the representation accorded to your Chamber at the conference is sufficient. I am to say that if you wish to address Government on this point, your letter should be sent through the Government of Bombay, in accordance with-Rule* I of the Rules for the submission of memorials to the Government of India. It will save time if this procedure is followed in making similar representations in future.

* Copy enclosed.

3. Any representation received, with the views of the Local Government, will be placed before the Hon'ble Sir George Barnes, whose return from leave will be well in advance of the next meeting with the Director General.

I have the honour to be,

Sir,

Your most obedient servant,

A. H. LEY,

Secretary to the Government of India.

Extract from Rules regarding the submission of Petitions to the Government of India, by private persons or public bodies.

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1. Every petition to the Government of India should be forwarded through the local Government having jurisdiction in respect of the subject-matter of the petition. In cases where no local Government is in a position to deal with the subject-matter of the petition, it should be forwarded through the local Government within whose jurisdiction the petitioner is or has last been residing or employed.

17*th July* 1919.

From

J. K. MEHTA, Esquire, M. A.,

Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Hon'ble Mr. A. H. LEY, C.I.E., I.C.S.,

Secretary, to the Commerce & Industry,

Department,

Government of India,

SIMLA.

Sir,

With referance to your letter of the 17th April 1919 No. 2109, I am directed to express my Committee's surprise and regret at your request that they should address the Government of India on the question of the present arrangement for considering Tariff Revision, only through the Government of Bombay.

Correspondence on this question has been going on for some time past; and this is the first occasion on which such a demand has been made. When the present arrangements for the settlement of the Tariff first came into force a few years ago, my Committee were addressed direct by the Government of India; and neither then nor at any time afterwards, have the Committee felt or been led to feel by the Government of India, that this was a question in which it was necessary to go to the Government of India through the Government of Bombay.

You further observe in your letter as follows:—"It will save time if this procedure is followed in making similar representations in future." My Committee are being addressed direct on several important questions by the Government of India; and their replies are invariably sent direct except in those cases in which the reply was asked to be sent through the Government of Bombay.

In view of these circumstances I am sure you will have no objection to my Committee addressing the Government of India direct as before in all cases excepting of course those in which the Provincial Government is interested.

With regard to the question of Tariff revision, my Committee are sending their representation through the local Government in order that no time may be wasted; and venture to hope that one of the two suggestions made by them will be accepted by the Government of India.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

18*th July* 1919.

From

The Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

To

The Secretary,
Government of Bombay;
General Department,
BOMBAY.

Sir,

As per letter of the 17th April 1919 No. 2,109 of the Hon'ble by Mr. A. H. LEY, C. I. E., I. C. S., Secretary to the Government of India, Department of Commerce and Industry. I am directed to send to you herewith a representation of the committee of this Chamber addressed to the Hon'ble Sir George Barnes, K. C. B., Member for Commerce and Industry, Government of India, Simla. You will be pleased to forward this representation to him.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

No. 5892.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

Simla the 4th August 1919.

From

The Hon'ble Mr. A. H. LEY, C.I.E., I.C.S.,
Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

With reference to your letter dated the 17th July 1919, I am directed to point out that the present arrangement under which one or more representatives of the Indian Merchants' Chamber and Bureau are invited to attend the annual conference held at Bombay to discuss tariff valuations was sanctioned by the Government of India on the recommendation of the Government of Bombay, and that the decision was communicated to your Chamber through the Local Government and not direct. I am to explain that the Indian Merchants' Chamber and Bureau and other principal Chambers of Commerce and Associations are at liberty to correspond direct with the Government of India in routine matters and on matters of general interest. The point, however, on which you were requested in my letter No. 2109, dated the 17th April 1919 to address the Government of India through the Government of Bombay, related to your

representation at the annual conference held by the Director General of Commercial Intelligence with the Bombay Chamber of Commerce. It was not a matter of general interest, nor was it a point on which the Government of India would be disposed to pass orders without obtaining the views of the Local Government. It was for this reason as well as with a view to the saving of time that you were requested to follow the procedure which is usually observed in dealing with communications of this nature.

2. The Government of India note that you have forwarded your representation through the Government of Bombay, and the orders of the Government of India will be communicated to you in due course through the Local Government.

I have the honour to be,

Sir,

Your most obedient servant,

A. H. LEY,

Secretary to the Government of India.

APPENDIX No. 14.

Depression in the Market.

9th December 1918.

From

J. K. MEHTA, Esq., M. A.,

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Secretary,

Commerce and Industry Department,

Government of India,

DELHI.

Sir,

I am directed by the Committee of this Chamber to draw respectfully the attention of the Government of India to the extreme depression which prevails in the business world here, specially in the piece goods market. It is feared that unless immediate steps are taken to give a tone to the market, the situation will grow from bad to worse, involving other markets too. There is one Direction in which, my Committee think, the Government can help the commercial community at this stage and this is to release some shipping freight for the transport of goods to outside markets like Mesopotamia, Egypt, East and South Africa. The Committee realize the difficulties of the present shipping situation which may continue for some time more owing to requirements of demobilization, but trust that in view of the commercial crisis

Government will be pleased to provide transport facilities, as suggested, to some extent atleast. Such a provision will operate in the way of providing outlets for stocks here and thus imparting a comparatively healthy tone to the market.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA.

No. 13837.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

Simla, the 28th December 1918.

From

I. D. ELLIOTT, Esquire, I. C. S.,
Deputy Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
19, Bank Street, Bombay.

Sir,

In continuation of my letter No. 13776, dated the 19th December 1918. I am directed to inform you that the Government of India regret that the present shipping position, especially in regard to the movement of foodstuffs, renders it impossible to take any special measures in the interests of the piece-goods trade.

I have the honour to be,

Sir,

Your most obedient servant,

I. D. ELLIOTT,

Deputy Secretary to the Government of India.

APPENDIX No. 15.

Trade facility in Mesopotamia.

9th December 1918.

From

J. K. MEHTA, Esquire, M. A.,

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary,

Commerce and Industry Department,

DELHI.

Sir,

This Chamber is receiving inquiries from several of its members and other Merchants regarding trade facilities in Mesopotamia, and my Committee will be greatly obliged if you will kindly send information to them on the following points:—

(*a*) Is there a good demand in Mesopotamia for Indian cotton piece goods?

(*b*) Are there any Indian firms doing piece goods business at Basra and Bagdad?

(*c*) Are there any restrictions against the transport of goods from Basra to Bagdad and other inland places?

(*d*) Is water transport only allowed or is the Basra to Bagdad Railway available for ordinary commercial traffic?

(*e*) Is there any Trade Agent or Trade Commissioner at Basra or Bagdad to whom commercial inquiries may be directed?

My Committee would like to suggest that if your Department has got all this information it will be helping the commercial community to a large extent if it is published in the form of a communique. In this connection I am directed to draw your attention to an interview my Committee had last year with Mr. R. E. Holland C. I. E., I. C. S., and Mr. J. H. Wilson, Special Commissioner, Persian Gulf and to inquire if any steps have been taken to put into practice any of the suggestions made at this Meeting. The Committee presume that a copy of the proceedings of this interview must be with your Department. A copy however is enclosed, in case you have not got it, for your information.

I beg to remain,
Sir,
Your most obedient Servant,
J. K. MEHTA,
Secretary.

No. 365 W.

Dated Simla, the 12th April 1919.

From

The Deputy Secretary, to the Government of India,
in the Foreign and Political Department.

To

J. K. MEHTA, Esquire, M. A.,
The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

With reference to your letter, dated the 9th December 1918, to the address of the Secretary to the Department of Commerce and Industry, Delhi, making certain enquiries with

regard to trade facilities in Mesopotamia, I am directed to reply seriatum to the questions asked as follows :—

A. Yes.

B. No, but no obstacle will be placed in the way of Indian firms who wish to open business or send Agents;

C. No.

D. Transport both by rail and water available, but until the railway is completed its utility will necessarily be restricted;

E. For the present commercial enquiries should be addressed to the Director of Civil Stores, Bugdad. The question of the appointment of a Trade Commissioner is under consideration.

2. I am to add that the Government of India do not consider it feasible to publish a communique at present.

I have the honour to be,

Sir,

Your most obedient servant,

W. THEACE,

Deputy Secretary to the Government of India.

APPENDIX No. 16.

No. 11852 of 1918.

REVENUE DEPARTMENT.

Bombay Castle, 3rd December 1918.

From

A. F. L. BRAYNE, Esquire, I. C. S.,
Under Secretary to the Government of Bombay.

To

The Chairman,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed to forward a copy of a Press Communique No. 11850 dated 3rd December 1918 issued by Government, and to request that the Chamber will nominate a gentleman to represent them on the Committee appointed to advise Government in industrial matters and communicate his name to Government in due course.

I have the honour to be,
Sir,
Your most obedient servant,
A. F. L. BRAYNE,
Under Secretary to Government.

PRESS COMMUNIQUE.

The following Resolution was moved by the Honourable Mr. C. V. Mehta, LL. B., and carried at the meeting of the Bombay Legislative Council held on 1st August 1918:—

> "This Council recommends to His Excellency the Governor in Council that bodies interested in industry and trade, such as the European and Indian Chambers of Commerce and the Millowners' Association, be asked to nominate representatives on the Committee appointed to advise the Director of Industries."

In order to give effect to the Resolution, the Governor in Council is pleased to direct that the existing membership of the Advisory Committee, the appointment of which was notified in Press Communiqué No. 4317 dated 11th April 1918, should be enlarged by the addition of three representatives, one to be nominated by each of the following commercial bodies:—

(i) The Chamber of Commerce, Bombay.
(ii) The Chamber of Commerce, Karáchi.
(iii) The Indian Merchants' Chamber and Bureau, Bombay.

21*st December*, 1918.

From

J. K. MEHTA, Esquire,
Secretary,

The Indian Merchants' Chamber & Bureau,
BOMBAY.

To

A. F. L. BRAYNE, Esquire, I. C. S.,
Under Secretary to the Government of Bombay,
Revenue Department,
BOMBAY.

Sir,

With reference to your letter of the 3rd instant No. 11852 of 1918, I am directed to inform you that the Hon'ble Mr. C. V. Mehta is nominated by the Committee of this Chamber to represent them on the Committee appointed to advise Government on Industrial matters.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

APPENDIX No. 17.

Interview with Sir James Meston, Finance Minister of the Government of India.

A Committee Meeting of the Indian Merchants' Chamber and Bureau was held on Wednesday the 18th December 1918 at 4-30 p.m. to meet the Hon'ble Sir James Meston, the Finance Minister to the Government of India. The following members were presents :—

The Hon. Mr. C. V. Mehta.
Mr. Jehangir B. Petit.
„ Jamnadas Dwarkadas.
Hon. Mr. Purshottamdas Thakordas.
Sir Vithaldas D. Thakersey.
Mr. Hansraj P. Thakersey.
„ M. Subedar.
„ W. T. Halai.
„ Motilal Vallabhji.
„ Motilal Kanji.
„ Gulabchand Devchand Zaveri.
„ S. E. Warden.
„ Mulji Haridas.
„ Narandas Purshottam.
„ Mathurdas Vasanji.
„ Phiroz J. Billimoria.
„ S. B. Billimoria.
„ Laxmichand M. Khokhani.

The Hon'ble Mr. C. V. Mehta, the President of the Chamber delivered the following speech :—

"It gives me great pleasure to welcome you on this your first visit to this Chamber. This chamber was fortunate to receive visits from your distinguished predecessor whenever he came to this City. Such an interchange of views at informal meetings is always

of the greatest benefit. I trust that all questions affecting the Indian commercial community will receive a ready and sympathetic hearing from you and I am sure that this Chamber's relations with you will be of the same cordial character as they were with Sir William Meyer.

The topic which at present engrosses the attention of the commercial circle both European and Indian is the Excess Profits Tax. There is a consensus of opinion expressed all over the country that owing to the war conditions the Bill should be dropped. In his speech in September 1918 Sir William Meyer assumed that the War would continue until the 31st March 1920 and that the year 1920-21 would be a year of gradual demobilization. Not only that but it was feared that this country itself was in danger of invasion, but in less than two months the strength of the Enemy powers collapsed and the Allied arms came out of this stupendous struggle thoroughly victorious. My Committee requsted your Department to supply them with information regarding the revised figures of charges proposed to be paid from the Indian Revenue during the current official year under Sir William Meyer's resolution. These figures however are not yet available. It is still perfectly clear that not only have we been spared more than a year and a quarter of War, but that army expenses as estimated by Sir William Meyer will be on a much smaller scale and that proportionately small will be the demobilization-expenses. It also appears that the feeling in England is that the Enemy countries should be made to pay sufficient indemnities and it is likely that this country will come in for its proportionate share. It is also doubtful whether the tax is likely to bring in any considerable amount of money and commercial opinion is unanimous that for doubtful benefit it is not worth while to cripple the industries and to further disturb a market which is already in a bad state. Not only have the War conditions changed but the agricultural and commercial conditions in this country are in an extremely bad state at present and we are threatened with a commercial and

financial crisis. My Committee would therefore venture to suggest that the Government would be pleased to drop their proposal. An early announcement to that effect will relieve the trade and industries of the country much of their present anxiety and help in restoring that calmness and equilibrium which are so necessary for taking advantage of the opportunities which we expect, will be forthcoming as a result of the Peace Conference, the proposed reforms and the Report of the Industrial Commission.

The Excess Profits Bill is but just published and my Committee will have to go into all clauses before they will be able to give their opinion on all the details if at all the Government decides that the Bill should be proceeded with. But we take this opportunity of pointing out some of the important amendments needed to work the Bill in a fair and equitable manner. In the first place my Committee think that just as in England the Tax-payer had the option of choosing any two of the three previous years or in special cases four out of the six previous years to arrive at the standard profits, so in the proposed Bill it should be provided that the tax payer should get the option to choose any three out of the four years mentioned in the Bill. Secondly, in clause six sub clause 1 of the Bill provision should be made as in the English Act that if it is shown to the satisfaction of the Collector that the said average profit is less than the percentage standard the standard profit shall be taken to be the percentage standard. Thirdly, it should be clearly provided as in the English Act that if the Company or the firm did not exist for all four years but worked for one, two or three as the case may be it should be allowed the option either of accepting 10% on the capital as provided in the Bill or to take the actual *profit* for the year of its actual work. Fourthly, we think that the Bill as worded does not contemplate taking account of the income received from investments. This point should be made clear as in the English Act which runs as follows:—

"In estimating the profits no account shall be taken of income received from investments excepting the case of life assurance business and businesses where the principal business consists of the making of investments." Fifthly, when the Excess Profit Tax is levied on companies and firms they should cease to be liable to pay Super Tax. In England no Super Tax is levied on undistributed profits of companies. Sixthly, just as in the case of Income tax the Excess Profit Tax also although collected on the profits of the previous years should be made adjustable when actual profits of the current year are ascertained. Otherwise it will entail a great hardship on the tax payer to pay such a heavy tax in the year of small profit or heavy loss.

My Committee submitted some days ago a telegraphic representation to His Excellency the Viceroy praying that the Government would be pleased to nominate a commercial representative for the coming meetings of the War Cabinet and the Peace Conference, When giving a hearty send off to you and your colleagues on your departure for England to assist His Majesty's Secretary of State for India at the Imperial War Conference, my predecessor at the time, the Hon'ble Mr. Lalubhai Samaldas, pointed out that we wanted Indian trade and commerce to be directly represented at the Peace Conference, for unless a man in direct and intimate touch with Indian trade conditions was present at the Conference he could not render useful assistance when large questions affecting trade interests of this country were being considered. He also pointed out that what we wanted was that the Government of India should be given complete fiscal autonomy so that it might adopt measures which it thought best in the interests of the country. While welcoming the nomination of the Hon'ble Sir S. P. Sinha and the Maharaja of Bikaner as representatives of British India and the Indian States my Committee must point out that it is essential that there must be a representative to safeguard the large and varied interests of Indian trade and industries and

represent India's claim for fiscal autonomy which is an important factor in her commercial and industrial expansion which both the Government and the people have so much at heart. I have no doubt that both Sir S. P. Sinha and the Maharaja of Bikaner will welcome the co-operation of the commercial representative. May we hope, Sir, that you will move the Government as early as possible to grant this request as we feel that it is not yet too late to send a commercial representative to the Peace Conference.

It is not necessary for my Committee to draw your attention to the disastrous famine which has already overtaken this land and which from all portent threatens to be a most terrible visitation. Governments, both Imperial and Provincial, will naturally put into operation relief measures for alleviation of sufferings both of human beings and cattle. As usally happens the famine stricken people drift into large cities. Opportunity might be taken by local bodies for pushing in works of public utility. It is well-known however that municipal and local bodies have little funds at their command owing to the stringency of the money market and the restrictions on borrowing during the war. They therefore require assistance from Government in the shape of loans and otherwise. With such assistance they will be able to serve their local needs as well as to supply famine stricken people with work.

I should like the draw your attention to the continued prohibition on the export of pearls. Bombay is the chief centre for the distribution of pearls and large stocks of these are usally held here. The importance of the pearl trade was recognised by Government by the removal of the Import Duty which it was proposed to levy. Now that the war is over the two reasons adduced by Sir William Meyer regarding the restriction on the export of this commodity no longer hold good. These reasons were the necessity of restricting exports

other than war exports and interference with a trade relating to a matter to a luxury in the interests of the financing of war products. My Committee hope that, now that the situation has changed this prohibition will be removed. Exchang considerations also are now favourable. The above applies though in a smaller degree to Roubles.

I should like to refer to one small point in connection with the investment of the paper currency reserve. Indian public opinion would be gratified if the discretion of the Government of India in respect of the additional fourteen crores fiduciary issue of notes is exercised for holding rupee paper in this country rather than gold securities in the United Kingdom. This will give a much needed fill up to the Indian Government securities and will satisfy Indian sentiment.

With these words I thank you for your visit which will, I trust, be the first of several such visits.

The Hon'ble Sir James Meston in reply, while thanking the Chamber, welcomed such opportunities to learn commercial opinion. He wished that his visit were under more auspicious circumstances. The question at present was whether this was or was not the proper time for the imposition of the Excess Profits duty. He recognised the opposition to the Bill. His department would shortly be in a position to furnish the information desired by the Committee. He asked the committee if they had any alternative to suggest in place of the Excess Profits Tax. In reply to this the Chairman remarked that the Committee had not considered this point but that a loan might perhaps serve this purpose. The Hon. Sir James Meston found the different points raised by the Committee resonable and promised to give them his consideration, if the Bill was proceeded with. With regard to representation of the Indian commercial community at the Peace Conference he observed that he

would place this suggestion before the Government of India. Government of India would always endeavour to be a national Government with regard to the development of industries. Regarding financial assistance to local bodies he promised that any assistance required by provincial Governments would be given by him. Regarding the prohibition of export of pearls he said that Government would soon consult the commercial community as to the extent to which Government control re: the export of different commodities should be withdrawn. Regarding the suggestion of the Committee that the proposed additional investment in securities should preferably be in Indian Government securities, he remarked that Indian Securities were, unobjectionable, for this purpose if they afforded an equal degree of assurance with sterling investments of being made available in an emergency to secure the encashment of our paper money. After some further discussion the meeting dispersed.

APPENDIX No. 18.

Interview with the Collector of Income-Tax.

The joint deputation of the representatives of the Indian Merchants' Chamber and the seventy-one commercial associations had an interview with the Collector of Income-Tax on Friday the 13th of December 1918 at 2-30 p.m. at the Income Tax Office when the following gentlemen were present:—

Mr. L. W. Hartley.
The Hon'ble Mr. C. V. Mehta.
Mr. Jehangir B. Petit.
The Hon'ble Sir Fazulbhoy Currimbhoy.
Mr. Motilal Vallabhji.
„ Laxmichand M. Khokhani.
„ J. K. Mehta.
„ Lalji Govindji.
„ Premji Virji.
„ Naranji Dayal.
„ Hasanalli Abdullali.
„ Durlabhram P. Oza.

After a long discussion the following agreement was arrived at:—

"After having had an interview with the Colletor of Income Tax at which all the difficulties connected with the form D. were discussed and after hearing the Collector's full explanations upon all points it is decided that the form D should be filled and returned to the Collector. It is also agreed that it will serve the purposes of the Collector of Income Tax if the assessee puts down the sum total of his income and does not go into

details. The forms should be submitted as early as possible. Probably it will suit the interests of the assessee if he puts down details regarding some items as for instance No. 2."

The Hon'ble Mr. Mehta drew attention to the great desirability of changing the form of declaration by assessees who should be allowed to state that the statements made by them are correct to the best of their information and belief. Mr. Hartley recognised this and said that he had already recommended such a Modification to the Government who had now accepted it. This Modification was accepted by the representatives present as being satisfactory.

It was also agreed that the perquisites as meaning *shahi* and *sukhdi* and Discount long since recognised by usage might be deducted from the income by the assessee.

The Meeting dispersed after the Hon'ble Mr. C. V. Mehta had thanked Mr. Hartley for all the trouble he had taken on this question and the settlement which was arrived at.

J. K. MEHTA,

Secretary.

To

His Excellency the Right Hon'ble,

FREDERIC JOHN NAPIER,
BARON CHELMSFORD,
P.C., G M.S.I., G.C.M.G , G.M.I.E.,

Viceroy and Governor-General of India in Council.

The Humble Memorial of the accredited representatives of the Indian Trading Community in Bombay, Ahmedabad, Surat, Broach and Karachi viz., (1)

The Bombay Native Piece-Goods Merchants' Association, (2) The Hindustani Native Merchants' Association, (3) The Bombay Diamond Merchants' Association, (4) The Bombay English Bleached and Fancy Grey Dhoties Merchants' Association, (5) The Native Share and Stock Brokers' Association, (6) The Bombay Mangaldas Market Retail Piece-Goods Dealers' Association, (7) The Bombay English Coloured and Printed Piece-Goods Merchants' Association, (8) The Bombay Aluminium Nickel-Silver Merchants' Association, (9) The Bombay Glassware and Furniture Merchants' Association, (10) The Bombay Wool Merchants' Association, (11) The Marwadi Chamber of Commerce, (12) The Bombay Fort Shroff Mahajan, (13) The Bombay Shikarpuri Association, (14) The Bombay Silver and Gold Articles Merchants' Association, (15) The Bombay Shri Zaveri Mahajan's Motina Dharmna Kanta, (16) The Kathiawar Moslem Memon Association, (17) The Bombay Country Piece-Goods Merchants' Association, (18) The Bombay English Woolen and Fancy Cotton Piece-Goods Merchants' Association, (19) The Bombay Country Fancy Piece-Goods Merchants' Association, (20) The Bombay Iron Merchants' Association, (21) The Bomby Grain Merchants' Association, (22) The Bombay China Silk Merchants' Association, (23) The Bombay Drug and Chemical Merchants' Association, (24) The Bombay Kagdi Merchants' Association, (25) The Bombay Oil Paints Colours Merchants' Association, (26) The Bombay Gold and Silver Merchants' Association, (27) The Bombay Paper and Stationery Merchants' Association, (28) The Bombay Rice Merchants' Association, (29) The Bombay English Bleached and Plain Piece-Goods Merchants' Associ-

ation (30) The Bombay Canvas Kantan and Talpatri Merchants' Association (31) The Bombay Sugar Merchants' Association, (32) The Bombay Jari Merchants' Association, (33) The Bombay Grain Dealers' Association, (34) The Bombay Stock Exchange, (35) The Bombay Marwadi Jain Samaj, (36) The Bombay Country Rice Merchants' Association, (37) The Bombay Yarn, Copper and Brass Native Merchants' Association, (38) The Bombay Kariana Merchants' Association, (39) The Bombay Cutlery, Hardware, Sundries and Hosiery Merchants' Association, (40) The Bombay Shipchandlers, Pipe-fitting and Mill Gin Stores Merchants' Association, (41) The Bombay Cotton Merchants' and Mukadams' Association, (42) The Bombay Sindh Thatha Merchant's Association, (43) The Bombay Jakeria Bazar Merchants' Association, (44) The Bombay Mangaldas Market Fents Dealer' Association, (45) The Bombay Shroff Association, (46) The Bombay Memon Mohola Cut-Piece Piece-Goods' Association (47) The Bombay Sweets Manufacturers' Association, (48) The Bombay Bhuleshwar Retail Piece-Goods and Ivory Merchants' Association, (49) The Bombay Grass Merchants' Association, (50) The Bombay Copper and Brass Vessels Merchants' Association, (51) The Bombay Cap Merchants' Association, (52) The Bombay Lime and Sand Merchants' Association, (53) The Bombay Firewood Merchants' Association, (54) The Bombay Country Rice Merchants' Association, (55) The Godwad Jain Merchants' and Shoff Association, (56) The Madhavbag, Null Bazar, &c., Joint Stock Piece-Goods Merchants' Association, (57) The Punjabi Shawl Merchants' Association, (58) The Bombay Cotton Brokers' Association, (59) The Bombay Cotton Waste Merchants' Association, (60) The Bombay Flour

Merchants' Association, (61) The Bombay Leather Merchants' Association, (62) The Bhindi Bazar Piece-Goods Merchants' Mandal, (63) The Kapadwanj Merchants' Association, (64) The Broach Income Tax Payers' Association, (65) The Surat Income Tax Payers' Association, (66) The Country Tobacco Merchants' Association, (67) The Bhindi Bazar Harness and Sundries Merchants' Association, (68) The Null Bazar Khoja Street Retail Kariana Treacle and Waste Paper and Cutlery Merchants' Association, (69) The Bombay and Kaliani Country Bricks Merchants' Association, (70) The Ahmedabad Forty Mahajan Association, (71) The Karachi Indian Merchants' Association.

RESPECTFULLY SHEWETH,

1. Your Memorialists are the representatives of 71 Associations belonging to the several sections of the Indian Mercantile Community of the Bombay Presidency and have been appointed for the purpose of addressing Your Excellency-in-Council for the redress of grievances arising out of certain provisions in the Income Tax Act, 1918, and the Rules published by His Excellency the Governor of Bombay in Council under the power conferred in that behalf.

2. The principal provisions of the Act to which Your Memorialists take exception are the provisions contained in Section 17 (2) and Sections 39 and 40 of the said Act.

3. Your Memorialists beg leave to observe that during the last 25 years or so during which the tax has been levied on "income" they have paid the tax levied upon them loyally and faithfully, and it has not been shown that by reason of the absence of a provision corresponding with Section 17, Sub-clause (2), the revenue of Government has suffered. The

custom in vogue hitherto under the prior Income Tax Act had been based on a recognition of the fact that the Indian Trading Community (consisting as it does of several grades commencing with a small retail shop-keeper) have never maintained a system of account-keeping which will enable them (except perhaps in a small proportion of cases) to give the information contained in the return such as is provided in Section 17, Sub-clause (2). It may be stated with confidence that a large part of the small traders and shop-keepers have hardly any accounts properly so called; they have some memos either jotted by themselves or by their Mehtas in their old leisure hours, but these memos, will not serve the purpose of enabling those traders to make a satisfactory return, and as to the rest, though account books are kept, they are in most cases not of such a nature as to enable these traders to make a satisfactory return in terms of the said Section.

4. Many of the accounts are not balanced from year to year, and maintaining stock books and stock-taking at intervals are more or less uncommon to the Indian Trade. They are content to see that on the whole they are not making a loss, and they utilise such portion of the liquid assets in their respective businesses as they may require from time to time either for expenses or investments. Profits are ascertained upon a more or less speculative basis and those too at intervals of two or three years if not longer. It would be some considerable time, were it even possible, to compel them to adopt a more regular system of accounts than they have been hitherto accustomed to keep, before they could be expected to be in a position to comply with the requirements of the present Act, and in many cases as the small traders and shop-keepers who are illiterate or as good as illiterate, such a system of keeping accounts would impose upon them the obligation of maintaining an expense which would be entirely out of proportion to their comparatively small incomes.

5. In the absence of grave reasons therefore showing that the revenue of Government has suffered Your Memorialists confidently submit that the sudden departure involved in Section 17, Sub-clause (2), has rightly taken the Indian Mercantile Community with disagreeable surprise, and would inflict upon them great hardship, and that Your Excellency-in-Council will be good enough to recognize that in many cases, if the enforced return has to be sent, it cannot and will not be of a satisfactory character.

6. The aforesaid considerations emphasise the hardships involved in the penalty provided by Section 39 for failing to deliver or cause to be delivered the return mentioned in Section 17 in due time. Under the Rules published by His Excellency the Governor of Bombay in Council in that behalf and in the Form D attached to those Rules, the period of time mentioned is 30 days from the service of the said Form. Under Section 39 of the said Act any person failing to make the said return within 30 days shall, on conviction before a Magistrate, be punishable with a fine which may extend to Rs. 10 per every day during which the default continues. Your Memorialists cannot help submitting that while the compulsory return is an uncalled-for innovation, the penalty for not sending the return within 30 days is an undue hardship calculated to increase the irritation and dissatisfaction caused by the compulsory requirements of making the said return.

7. Your Memorialists further beg to point out that the penal provisions enacted by Section 40 of the said Act are also uncalled for and will only serve as an instrument of oppression on those who have hitherto faithfully and lawfully carried out their obligations to pay the Income Tax. It must be observed that in a large number of cases for want of time and proper system of account books, and in most of the cases where accounts are kept, the accounts having been kept by Mehtas not under

the direct supervision of the masters, the verification of the return may unwittingly expose parties to a penalty which is clearly undeserved.

8. Your Excellency's Memorialists respectfully submit that Section 17 (2) should be repealed for the reasons hereinbefore stated and that Sections 39 and 40 should also be repealed as the penalties provided therein have created a sense of serious disquiet and uneasiness in the Indian Trading Community. Your Excellency's Memorialists beg leave to point out that in any event a period of at least 5 years ought to be allowed to elapse before putting in force Section 17 (2) and Sections 39 and 40 of the said Act.

9. Your Memorialists will now proceed to offer a few observations on the rules and forms published under the said Act. Your Memorialists are particularly affected by Rule 11 which prescribes the form and the terms of the verifications required at the foot thereof. They are also concerned with the instructions regarding the said return which is Form **D** to the said Rules.

10. Your Memorialists submit that the terms of the verification should in any event be modified so as to suit different classes of cases. In cases of small traders and shop-keepers and those who have not got a regular system of accounts, they ought to be allowed to state the manner in which they have arrived at the estimated income followed by words to the effect that the income shown in their return is arrived at by them by adopting a particular method and that the said return is correct to the best of their information and belief. In cases of traders who maintain accounts books, as they rely and have to rely in most cases on their Mehtas the said statement should be modified so as to enable them to verify the statement as being correct to the best of their information and belief.

11. Your Excellency's Memorialists find that they are not in a position to make a satisfactory return under separate heads in cases of items (2), (3) and (5) in the said Form D, inasmuch as these items generally go into one account, what is usually called the 'interest account.'

12. With reference to the instructions concerning the items in the said Form D, Your Memorialists submit that the allowances which are admissible are not sufficient particularly under the head of 'collection charges.'

13. With reference to item No. 8 of the said instructions, Your Excellency's Memorialists beg to point out that they ought to be allowed to deduct bad debts though not actually written off, sums expended on charity account, as well as sums on account of presents and by way of commissions and perquisites.

14. Your Excellency's Memorialists also feel that it ought to be sufficient to show that interest has been paid on monies borrowed from outsiders for the purpose of business without putting them to the necessity of disclosing the sources from which their capital has been borrowed, nor should Your Memorialists be called upon to disclose the names of parties to whom commission and perquisites have been given during the course of business.

15. The foregoing submissions as regards Rule 11, Form D, and the instructions concerning the said Form have been set forth to show that even if the other conditions requiring the enforcement of the provisions of Section 17 (2) and the penalty under Sections 39 and 40 existed, the rules, the forms, the terms of verification and the instructions also require considerable modification.

16. Your Excellency's Memorialists beg to point out that while the result of the provisions of these Sections will not tend

to make material improvement in taxation, it would create untold hardship and dissatisfaction in the minds of law-abiding citizens, and the penal provisions will serve as an instrument of tyranny and oppression upon them.

17. Your Excellensy's Memorialists' prayer is that the provisions of the said Section 17 (2) and those of Sections 39 and 40 should be repealed or at all events suspended for a period of at least five years so that during that period the Indian Mercantile Community may so adjust their methods of business and keeping of accounts as may enable them to conscientiously and truthfully make the required return.

18. Your Memorialists have learnt with deep disappointment that Government have declined to accede to their request that the Collector of Income Tax might be instructed not to require the submission of the returns of income pending the consideration and disposal of their intended Memorial. Your Memorialists therefore have got their Memorial prepared with due despatch and pray that now that the Memorial containing the reasons for redress of their grievances will be actually before Your Excellency-in-Council for consideration, orders may now be issued staying all proceedings taken or intended to be taken under the provisions of the said Act to which exception is taken in this Memorial. Your Memorialists understand that some of the Income Tax Collectors peremptorily insist on merchants submitting the returns in their present form which for reasons above explained it is not in their power to do, and in default threaten to enforce the provisions of the said Act. Your Memorialists deplore such insistence and threats, and reiterate their aforesaid prayer that until this Memorial is disposed of, those affected by the Income Tax notices might not be forced to submit to an impracticable innovation introduced by the said Act, but allowed to follow the practice which has worked smoothly and satisfactorily for a long series of years without detriment to Government revenue. Your Memorialists

need scarcely assure Government that they have not the slightest intention or desire wilfully to disobey any just and proper orders of Government which it is in their power to carry out, and they earnestly hope that no occasion would arise which may, in the smallest degree, affect the happy and harmonious relations that have always subsisted between Government and the trade and commerce of the country.

19. Your Memorialists in conclusion feel confident that Your Excellency-in-Council will be pleased to favourably consider and give effect to this representation.

And Your Memorialists as in duty bound will ever pray.

Dated this day of September 1918.

Drafted under instructions by
B. J. DESAI, Esquire,
Advocate, Bombay High Court.

MOTILAL VALLABHJI,

Representative of The Bombay Native Piece-Goods Merchants' Association.

SURAJMAL SUCHIRAM,

Representative of The Hindustani Native Merchants' Association.

REVASHANKER JUGJIVAN,

Representative of the Bombay Diamond Merchants' Association.

PURSOTAM KOOVERJI,

Representative of The Bombay English Bleached and Fancy Grey Dhoties Merchants' Association.

JAMNADAS MORARJI,

Representative of The Native Share and Stock Brokers' Association.

GOCULDAS PREMJI,

Representative of the Bombay Mangaldas Market Retail Piece-Goods Dealers' Association.

JETHAMAL NARANDAS,

Representative of The Bombay English Coloured & Printed Piece-Goods Merchants' Association.

GOCULDAS HAKAMCHAND,

Representative of The Bombay Aluminium Nickel-Silver Merchants' Association.

PIARALLY MOORAJ,

Representative of The Bombay Glassware and Furniture Merchants' Association.

DHARAMSEY BHAWANJI,

MATHURADAS LUXMIDAS,

Representatives of The Bombay Wool Merchants' Association.

JAINARAN MIRAJMAL,

Representative of The Marwadi Chamber of Commerce.

GOCULDAS MULJI MATANI,

Representative of The Bombay Fort Shroff Mahajan.

KISHINDAS PREMCHAND,

Representative of The Bombay Shikarpuri Association,

RAMJI BHAGVAN,

Representative of The Bombay Silver and Gold Articles Merchants' Association.

GULABCHAND DEVCHAND,

Representative of The Bombay Shri Zaveri Mahajan's Motina Dharamna Kanta.

HAJI HASAN DADA,

Representative of The Kathiawar Moslem Memon Association.

NARANDAS PARSOTAM,

Representative of The Bombay Country Piece-Goods Merchants' Association.

VASSANJI NARANJI,

Representative of The Bombay English Woollen & Fancy Cotton Piece-Goods Merchants' Association.

GOVINDJI BHANJI,

Representative of The Bombay Country Fancy Piece-Goods Merchants' Association.

MOOLJI HARIDAS,

Representative of The Bombay Iron Merchants' Association

NARANJI HARIBHAI,

Representative of The Bombay Grain Merchants' Association.

LAXMIDAS LADHA,

Representative of The Bombay China Silk Merchants' Association.

CHUNILAL DAHYABHAI,

Representative of The Bombay Drug and Chemical Merchants' Association.

ABDOOLKADAR MOHMADBHAI,

Representative of The Bombay Kagdi Merchants' Association.

NUMANBHAI JAFARJI,

Representative of The Bombay Oil Paints Colours Merchants' Association.

ALIMAHMAD RAHIMTULLA MAKLAI,

Representative of The Bombay Gold and Silver Merchants' Association.

HASANALLY ABDULALLY,

Representative of The Bombay Paper and Stationery Merchants' Association.

SAMJI LADHA,

Representative of The Bombay Rice Merchants' Association.

VASSANJI MULJI,

Representative of The Bombay English Bleached and Plain Piece-Goods Merchants' Association.

KESHAVJI DAMJI,

Representative of The Bombay Canvas Kantan and Talpatri Merchants' Association.

RATANSEY VIRPAL,

Representative of The Bombay Sugar Merchants' Association.

DEVIDAS SYAMSINH,

Representative of The Bombay Jari Merchants' Association.

KOORPAL HEMRAJ,

Representative of the Bombay Grain Dealers' Association.

W. T. HALAI,

Representative of The Bombay Stock Exchange.

APPENDIX No. 19.

Council Election.

No. 1388.

Legal Department.

BOMBAY CASTLE,

18th December 1918.

FROM

G. D. FRENCH, ESQ.,
Secretary to the Government of Bombay;

To

The Secretary to the Legislative Council
of the Governor of Bombay.

SIR,

The term of office of the present members of the Legislative Council will in the ordinary course expire on the 28th May 1919, and it is probable that elections will be required to be held before that date and that the present regulations for the nomination and election of members will be in force at the time of the elections. Definite information on these points will be communicated to all concerned as soon as Government are in a position to furnish it. But as it is desirable that dates for the elections should be fixed beforehand in order to avoid interference with other important matters of public business, I am directed to request that you will consider whether dates corresponding to those fixed for the 1916 elections would be suitable for adoption in 1919, on the assumption that elections will again be held in the same manner under the existing regulations. If alterations are required, care should be taken

that sufficient time is allowed for the various steps in each election as set out in the relevant schedule appended to the regulations. I am at the same time to enclose for convenient reference a copy of the list of dates fixed for the several stages of each election in 1916.

I have the honour to be
Sir,
Your most obedient Servant,
(Sd.) G. D. FRENCH,
Secretary to Government.

No. 4027.

Bombay Castle, 20th December, 1918.

From

R. B. MILNE, Esq.,
Secretary to the Legislative Council
of the Governor of Bombay;

To

The Chairman,
The Indian Merchants' Chamber and Bureau.

Sir,

I have the honour to invite your attention to Government letter, Legal Department, No. 1388, dated the 18th December 1918, and of its accompaniment (copies of which are enclosed) and to inquire whether the dates, times and places proposed in the accompaniment to this letter will suit the convenience of your Chamber. I shall be glad to receive any suggestions which you may wish to make in the matter.

I have the honour to be,
Sir,
Your most obedient Servant,
R. B. MILNE,
Secretary to the Legislative Council
of the Governor of Bombay.

Proposed dates, times and places for each of the proceedings relating to the election of an Additional Member by the Indian Commercial Community.

(*Vide Schedule VIII.*)

(*a*) Selection of delegates at a Special General Meeting, under rule 3.

On or before Saturday 15th March 1919.

(*b*) Report to returning officer of names and addresses of delegates, under rule 4.

On or before Monday the 17th March 1919.

The names and addresses of the delegates selected shall be published by the Chairman of the body making the selection in two or more local newspapers and by notice at the office of the said body (Rule 4.)

(*c*) Scrutiny of nomination papers, under rule 7.

Monday 24th March, 12 noon, Council Hall, Secretariat, Bombay.

If more than one nominated candidate stand for election, the Secretary to the Legislative Council shall publish their names in two or more local newspapers and by notice at the offices of the Indian Merchants' Chamber and the Bombay Native Piece-Goods Merchants' Association. (Rule 8).

(*d*) Despatch of voting papers to delegates, under rule 9.

On or before Tuesday the 25th March 1919.

(*e*) Counting of votes, under rule 11.

Monday 31st March, 12 noon, Council Hall, Secretariat, Bombay.

11th January 1919.

From

J. K. MEHTA, Esq.,

Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

R. B. MILNE, Esq., I. C. S.,

Secretary,

Legislative Council to the Governor of Bombay,

BOMBAY.

Sir,

With reference to your letter of the 20th December 1918 No. 4027 my Committee understand that there is a proposal to extent the period of the present Council. If so they would like to have an early intimation of the decision of the Government as to such an extension. If however the period is not to be extended my Committee approve of dates, times, and places proposed in the accompaniment to your letter.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

No. 172-L.

Bombay Castle, 23rd January 1919.

From

R. B. MILNE, Esq., I. C. S.,
Secretary to the Legislative Council,
of the Governor of BOMBAY.

To

The Chairman,
Indian Merchants' Chamber and Bureau.

Sir,

In continuation of my letter No. 4027, dated the 20th December 1918 on the subject of the dates to be fixed for the next election for the Bombay Legislative Council, I have the honour to send you a draft order and to request you to kindly inform me whether the dates entered in it for the election by the Indian Commercial Community would be suitable.

2. In view of No. XI of the Election Regulations the order cannot be published till three months before the expiration of the term of members of the Legislative Council. It is proposed therefore to publish it on the 28th February. This will prevent any dates earlier than 1st March being fixed for the elections. Also it is advisable to fix dates as late as convenient for the term of the Council does not expire till 28th May. The dates in the draft order have, where necessary, been altered accordingly.

I have the honour to be,
Sir,
Your most obedient servant,
R. B. MILNE,
Secretary to the Legislative Council,
of the Governor of Bombay.

9. INDIAN COMMERCIAL COMMUNITY.

Schedule VIII.

Rule 3 (1).—Selection of the delegates at a special general meeting—

On or before 6th April 1919.

Rule 4.—Report to the Secretary to the Legislative Council of names and addresses of delegates—

On or before 8th April 1919.

The names and addresses of the delegates selected shall be published by the Chairman of the Body making the selection in two or more local newspapers and by notice at the office of the said Body.

Rule 6*A* (2).—The withdrawal of any candidate shall be notified by the Returning Officer in two or more local newspapers and by notice at the offices of the Indian Merchants' Chamber and the Bombay Native Piece-goods Merchants' Association.

Rule 7 (1).—Scrutiny of nomination papers:—

15th April 1919 at 12 noon at the Council Hall, Secretariat, Bombay.

Rule 8 (2).—If more duly nominated candidates than one stand for election, the Secretary to the Legislative Council shall publish their names in two or more local newspapers and by notice at the offices of the Indian Merchants' Chamber and the Bombay Piece-goods Merchants' Association.

Rule 9 (1).—Despatch of voting papers to delegates:—

On or before 17th April 1919.

Rule 11 (1).—Counting of votes:—

23rd April 1919 at 12 noon at the Council Hall, Secretariat, Bombay.

19, Bank Street,
Old Telephone Buildings.

28*th January* 1919.

From

J. K. MEHTA, Esq., M. A.,

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

R. B. MILNE, Esq., I. C. S.,

Secretary to the Legislative Council,

BOMBAY.

Sir,

With reference to your letter of the 23rd instant No. 172-L, I am directed by my Committee to inform you that the dates entered in it for the election by the Indian commercial community are suitable to them.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

No. 277.

Legal Department.
Bombay Castle, 1st March 1919.

From

G. D. FRENCH, Esq.,
Secretary to the Government of Bombay,
BOMBAY.

To

The Chairman,
Indian Merchants' Chamber,
BOMBAY.

Sir,

I am directed to forward herewith for your information a copy of Government Notification in the Legal Department, No. 266 dated the 27th February 1919, extending the term of office of Additional Members of the Legislative Council of the Governor of Bombay by one year.

I have the honour to be,
Sir,
Your most obedient Servant,
R. B. MILNE,
for Secretary to the Government.

PART I.

Notification.

Legal Department.

Bombay Castle, 27th February 1919.

No. 266.—In exercise of the powers conferred by Regulation X of the Regulations for the nomination and election of Additional Members of the Legislative Council of the Governor of Bombay, published in the Notification of the Government of

India in the Legislative Department, No. 16, dated the 15th November 1909, as subsequently amended, His Excellency the Governor is pleased to extend the term of office of Additional Members of the Legislative Council of the Governor of Bombay till the 28th day of May 1920.

By order of His Excellency the Honourable the Governor in Council,

G. D. FRENCH,

Secretary to Government.

Appendix No. 20.

Difficulties of obtaining small currency notes—

From

J. K. MEHTA, Esq., M. A.,

Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Accountant-General,

BOMBAY.

Sir,

The attention of my Committee has been drawn to the great inconvenience and hardship that merchants have to suffer in obtaining small Currency Notes owing to large crowds collecting outside the Currency Office. It is sometimes found difficult even to enter the Office. Some of our members have to remit everyday large amount of small Currency Notes of Rs. 1, 2½, 5, 10, 100 each but their men cannot sometimes enter the Currency Office to get these. My Committee beg to suggest

that arrangements may be made for having a separate entrance for people who want to have small Currency Notes. Perhaps the building just near the Currency Office which was used for War Loans may be utilized for this purpose. It is hoped that immediate action will be kindly taken in the matter as the present arrangement is very inconvenient.

I beg to remain,
Sir,
Your Most Obedient Servant,
J. K. METHA,
Secretary.

Bombay the 13th January, 1919.

From

The ACCOUNTANT-GENERAL,
BOMBAY.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

With reference to your letter dated the 11th instant (received to-day), I have the honour to inform you that arrangements have been made to allow all who require Currency Notes only, to enter the Currency Office by the Southern door (the one near Marcks & Co.,). That door will be strictly reserved for persons requiring currency notes only.

I have the honour to be,
Sir,
Your most obedient servant,

Accountant General

APPENDIX No. 21.

Separate Specification of Cotton waste.

Copy of letter No. 356 S/5, dated the 30th December, 1918, from the Secretary, Cotton Contracts Committee, Ballard Road, Bombay, to the Director of Statistics, Calcutta.

I have the honour to address you on the subject of the statistics of exports of raw cotton issued by your Department, and to point out that my Committee consider it eminently desirable that exports of cotton waste should in future be shown separately and not be included with raw cotton as at present. I understand that the Collector of Customs at Bombay has kept a separate record of such exports since April 1917, and it would appear that there should be no difficulty in keeping similar records in the other maritime provinces.

As this matter is one of considerable importance to the cotton trade in general and to exporters in particular, my Committee trust you will be good enough to act on the above suggestion at the earliest possible moment.

True Copy.

Assistant in Charge.

No. 46.

DEPARTMENT OF STATISTICS, INDIA.

Calcutta, the 4th January 1919.

FROM

G. FINDLAY SHIRRAS, ESQ., M.A., I.E.S.,
DIRECTOR OF STATISTICS.

To

The Secretary,
Cotton Contracts Committee,
Ballard Road,
BOMBAY.

SIR,

With reference to your letter No. 356 S/5, dated the 30th December, 1918. I have the honour to inform you that necessary instructions have been issued to the Collectors of Customs in the different maritime provinces, regarding the separate specification of cotton waste in the monthly sea-borne export trade returns from December, 1918.

I have the honour to be,
Sir,
Your most obedient servant,
G. FINDLAY SHIRRAS,
Director of Statistics.

No. 75.

Dated 6th January 1919.

Copy; with copy of the letter to which this is a reply, forwarded to the Indian Merchants' Chamber, Bombay, for information.

G. FINDLAY SHIRRAS,
Director of Statistics.

APPENDIX No. 22.

Amendment of the Negotiable Instruments Act.

11th January, 1919.

From

J. K. MEHTA, Esquire, M. A.

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary,

Legislative Department,

Government of India,

DELHI.

Sir,

I am directed by my Committee to state that their attention has been drawn to a case recently decided in the Bombay High Court in which the presiding Judge held that under the Negotiable Instruments Act, a cheque made payable to a particular party, and with the printed word "bearer" scored through was not a negotiable instrument. This decision creates a great confusion in the commercial transactions and my Committee have decided therefore to approach you in the matter.

In the first place my Committee beg to point out that section 8 sub-section 4 of the English Bills of Exchange Act 1882 sets forth that "A Bill is payable to order which is expressed to be so payable or which is expressed to be payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it should not be transferable." If therefore a drawer of a cheque in England desires it to be made not negotiable the words "not negotiable" should

be stamped across the face of the cheque, and in absence of these words, the cheques would be treated as a negotiable instrument although the word "bearer" printed on the cheque may be scored through and the word "order" not substituted therefor. In India on the other hand section 13 of the Negotiable Instruments Act defines a negotiable instrument as "a promissory note, bill of exchange or cheque expressed to be payable to a specified person or his order, or to the order of a specified person or to the bearer thereof or to a specified person or the bearer thereof.". It is therefore essential to the negotiability of an instrument in India that it should be expressed to be payable to order or bearer or that some other equivalent word should be used authorising the payee to assign or transfer the same to third persons.

My Committee are however aware as a matter of fact that for a very long time it has been the practice of the Banks in Bombay to deal with cheques payable to a specified person without the addition of the words "or order" or "or bearer" in accordance with the English Act, *i. e.*, as cheques payable to that person or his order. Such cheques were until very recently thus looked upon as negotiable instruments although this practice was no doubt contrary to the provisions of the Act. But as it is universally followed throughout India my Committee consider it desirable that immediate steps should be taken to bring section 13 of the Negotiable Instruments Act of 1881 into line with section 8 sub-section 4 of the English Bills of Exchange Act of 1882 in order to avoid further confusion in commercial and Banking circles. The presiding Judge himself observed that the usage alleged did exist among merchants and bankers in Bombay but it was not open to him to give legal recognition to the usage proved in this particular case as it would be contrary to the express provisions of the Negotiable Instrument Act, and that if it should be desired by merchants and bankers that this particular usage should be given effect, then the proper course would be to apply for amendments of the

Act to bring it into line with the English Statute. My Committee therefore beg to suggest that an amendment to this effect may be made in the Negotiable Instruments Act of 1881 at an early date.

I beg to remain,

Sir,

Your most obedient Servant,

J. K. MEHTA,

Secretary.

From

J. K. MEHTA,

Secretary.

To

LEGISLATIVE,

DELHI.

Committee of this Chamber accord their hearty support to the Bill further to amend the Negotiable Instruments Act 1881 introduced by Hon'ble Mr. Patel and draw your attention to representation sent by them on 11th January 1919. They hope that looking to its importance it will be passed this Session.

APPENDIX No. 23.

Excess Profits duty Bill.

D. O. No. 3306-F.

FINANCE DEPARTMENT.
Delhi, the 20th December 1919.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Dear Sir,

I am enclosing herewith for the use of your Committee 5 advance copies of the Excess Profits Duty Bill. Your Chamber will no doubt be consulted formally on the subject by the Local Government in due course.

It will be convenient if when sending their reply to the Local Government your Chamber will forward a duplicate copy thereof direct to the Government of India in order to give them as much time as possible for considering your suggestions.

Yours truly,

H. F. HOWARD.

A
BILL
TO

Impose a duty on excess profits arising out of certain businesses.

WHEREAS it is expedient to impose a duty on excess profits arising out of certain businesses; It is hereby enacted as follows:—

Short title and commencement.

1. (1) This Act may be called the Excess Profits Duty Act, 191 .

(2) It shall come into force on the 1st April, 1919.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context:—

VII of 1918.

"accounting period" means the twelve months ending on the 31st March, 1919, or if the accounts of the business have been made up within that twelve months for the purposes of the Indian Income-tax Act, 1918, in respect of a year ending on any date other than the said 31st March, then the year ending on that date;

"business" includes any trade, commerce or manufacture, or any advanture or concern in the nature of trade, commerce or manufacture;

"prescribed" means prescribed by rules made under this Act,

VII of 1918. All expressions used or embodied by reference in this Act which are not hereinbefore defined shall have the same meaning as is attributed to them by the Indian Income-tax Act, 1918.

Application of Act.

3. This Act shall apply to every business (other than the businesses specified in Schedule 1) carried on in British India or owned or carried on in any place in India by persons ordinarily resident in British India during any part of the accounting period.

Imposition of excess profits duty.

4. Subject to the provisions of this Act, there shall be charged, levied and paid on the amount by which the profits arising in the accounting period, from any business to which this Act applies exceeded the standard profits, a duty (in this Act referred to as "excess profits duty") of an amount equal to fifty per cent of that excess:

Provided that the amount of the said duty shall not exceed such sum as would reduce the profits in the accounting period to less than thirty thousand rupees.

VII of 1918. Ascertainment of profits of accounting period.

5. The profits in the accounting period shall be the profits as ascertained for the purpose of the Indian Incom-tax Act, 1918.

Standard profits.

6. Subject to provisions of this Act, the standard profits shall be ascertained as follows, namely:—

(I) If the profits of the business have been assessed in the four years, 1913, 1914, 1916 and 1917 for the purpose of the income-tax law then in force, the average of the assessed profits in these years:

Provided that if the assessment in any of the said years was made in respect of a period of less than twelve months, that assessment shall for the purpose of determining the average be proportionately increased.

Explanation:—Each of the years referred to in this clause shall be deemed to be the twelve months commencing with the 1st of Aprial in the year mentioned.

(2) If the profits of the business have not been so assessed in all the said years, an amount calculated at the rate of ten per cent on the capital of the business as existing at the end of the accounting period and the capital of the business shall, for the purposes of this Act, be ascertained in accordance with the provisions of Schedule II.

Adjustments for increase or decrease of capital.

7. (1) Where the capital has been increased during the accounting period a deduction shall be made from the profits of that period at the rate of ten per cent. per annum on the amount by which the capital has been increased for the period during which such increased capital has been employed:

Provided that no such deduction shall be made in respect of any increase of capital when it appears or to the extent to which

it appears, that the increase was made with intent to evade or has the effect of evading, the payment of excess profits duty.

(2) Where the capital has been decreased during the accounting period an addition shall be made to the profits of that period at the rate of ten per cent. per annum on amount by which the capital has been decreased for the period during which such decreased capital has been employed.

(3) For the purposes of this section, capital shall be deemed to be increased or decreased as the case may be:—

(*a*) where the standard profits are ascertained in accordance with the provisions of sub-section (1) of section 6, if the capital employed in the business during any part of the accounting period is more or less than the average amount of capital so employed during the assessment years referred to in that sub-section; and

(*b*) where the standard profits are ascertained in accordance with the provisions of sub-section (2) of section 6, if the capital so employed is more or less than the capital of the business as existing at the end of the accounting period.

Power to Collector to modify method of calculation.

8. On the application of any person chargeable with excess profits duty alleging that, owing to any of the following circumstances, namely:—

(*a*) any change in the constitution of a partnership of which he is or was a member,

(*b*) the postponement or suspension, as a consequence of the present war, of renewals or repairs,

(*c*) any exceptional depreciation due to the present war of assets employed in the business,

(*d*) the provision in connection with the requirements of the present war of plant or machinery which will not be required for the purposes of the business after the termination of the war, or

(*e*) any other special circumstances connected with the nature of the business,

the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such modifications in the provisions of this Act for the purpose of calculating the amount of the duty as seem to him to be necessary to meet the special circumstances, provided that a reduction in the amount of duty payable under the provisions of the Act by more than twenty-five per cent. shall not be made without the previous sanction of the Commissioner.

Application to Chief Revenue-authority.

9. (1) If any person who has applied under section 8 is dissatisfied with the decision of the Collector thereon, he may appeal to the Chief Revenue-authority who shall either itself decide such appeal or, if it is of opinion that questions of general importance are involved, shall refer it to a Board of Referees to be appointed by the Local Government. The Board shall hear

and consider any appeal so referred and shall communicate their decesion to the Chief Revenue authority.

(2) The Chief Revenue-authority and the Board shall be entitled to take into account any of the circumstances specified in section 8, and to modify the decision of the Collector with reference thereto in such way and to such extent as they may consider just and equitable.

(3) Every Board of Referees appointed under this section shall consist of three persons, of whom at least one shall be a person not in the service of Government and having acquaintance with businesses of the nature of that in respect of which the appeal in made.

(4) In case of a difference of opinion between the members of the Board, the opinion of the majority shall prevail.

(5) The decision of the Chief Revenue-authority on any appeal under this section, or of the Board where an appeal is referred to them shall notwithstanding any other provision of this Act be final, and shall be deemed to be the basis of assessment in the particular case.

Notice to be given that excess profits have been made.

10. Every person chargeable to excess profits duty under this Act shall give notice that he is so chargeable to the Collector before the 30th April 1919, and every liquidator of a company which is being wound up at the commencement of this Act, or is wound up after

the commencement of this Act, and which is chargeable to excess profits duty, shall give notice of the fact to the Collector.

Returns for the purposes of the Act.

11. The Collector may, for the purposes of this Act, require any person whom he believes to be engaged in any business to which this Act applies, or to have been so engaged during the accounting period or in the year 1912 or in any year thereafter, to furnish him within one month after service upon him of a notice to that effect with such particulars in connection with the business as the Collector may require.

Penalty.

12. If a person fails, without reasonable cause or excuse, to furnish or cause to be furnished to the Collector in due time any notice required by section 10 or any particulars referred to in section 11, he shall on conviction by a Magistrate be punishable with fine which may extend to ten rupees for every day during which the default continues.

Assessment.

13. The amount of excess profits duty to be paid in respect of any business shall be assessed by the Collector, who may in any case where he thinks fit allow the duty to be paid in instalments of such amounts payable at such time as he may direct.

Person liable to be assessed.

14. The duty may be assessed on any person for the time being owing or carrying on the business whether as agent for the owner or otherwise or, where the business has ceased during the accounting period, on the person

who owned or so carried on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business during the accounting period, the Collector may, if he thinks fit, take the accounting period as the period ending on the date at which the ownership has so changed and assess the duty on the person who owned or carried on the business.

VII of 1918.

Application of provisions of Indian Incometax Act, 1918.

15. The provisions of sections 20, 21, 22, 23, 24, 26, 27, 29, and of Chapters IV and V and of sections 42, 45, 49, 47 and 49 to 52 of the Indian Income-tax Act, 1918, shall apply, with such modifications, if any, as may be prescribed, as if those sections referred to excess profits duty instead of income-tax, and every officer or authority exercising powers under these provisions of the said Act may exercise the like powers under this Act in regard to excess profits duty as he or it exercises in regard to income-tax under the said Act:

Provided that references in the said provisions to the assessee shall be construed as references to a person by whom excess profits duty is payable.

VII of 1918.

Income-tax papers to be available for the purposes of this Act.

16. Notwithstanding anything contained in the Indian Income-tax Act, 1918, all information contained in any statement or return made or furnished under the provisions of the said Act, or obtained or collected for the purposes of that Act may be used for the purposes of this Act.

Prohibition of and penalty for fictitious transactions.

17. (1) A person shall not for the purposes of avoiding payment of excess profits duty enter into a fictitious or artificial transaction or carry out any fictitious or artificial operation and if he has entered into any such transaction or carried out any such operation before the commencement of this Act, shall inform the Collector of the nature of the transaction or operation.

Explanation:—For the purposes of this section an artificial transaction or operation includes every device of whatever nature adopted for the purposes of presenting the accounts of a business in a misleading form or manner with intent to evade or having the effect of evading the obligations imposed by this Act.

(2) If any person acts in contravention of, or fails to comply with, the provisions of subsection (1), he shall, on conviction by a Magistrate, be punishable with fine which may extend to one thousand rupees.

Power to make rules.

18. (1) The Governor General in Council may, by notification in the Gazette of India, make rules for carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) the procedure to be followed by Boards of References appointed under this Act;

VII of 1918.

(*b*) the adaptation to excess profits duty of any of the provisions of the Indian Income-tax Act, 1918, which are made applicable to that duty by section 15.

(3) All rules made under this section shall have effect as if enacted in this Act.

Schedule I.

EXCEPTED BUSINESSES.

(See section 3.)

1. Agriculture.

2. Offices or employments.

3. Any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on, and in which no capital expenditure is required or only capital expenditure of an amount small when compared with the profits which the person carrying on the profession makes:

Provided that the business of any person taking commissions in respect of any transactions or services rendered, or any agent of any description (not being a commercial traveller or an agent whose remuneration consists wholly of a fixed and definite sum not dependent on the amount of business done or any other contingency) shall not be included in this exception.

4. Any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom.

5. Any business the profits of which in the accounting period did not exceed thirty thousand rupees.

Schedule II.

ASCERTAINMENT OF CAPITAL.

(SEE SECTION 6.)

1. The amount of the capital of a business shall so far as it does not consist of money, be taken to—

(*a*) so far as it consist of assets acquired by purchase, the price at which these assets were acquired, subject to such deduction for depreciation or for unpaid purchase money as may be prescribed,

VII of 1918. (*b*) so far as it consists of assets being debts due to the business, the nominal amount of those debts subject to any reduction which has been allowed or is allowable in respect of those debts under the Indian Income-tax Act, 1918, and

(*c*) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the business, subject to such deduction for depreciation as may be prescribed:

Provided that nothing in this provision shall prevent accumulated profits (other than those made in the accounting period) employed in the business being treated as capital.

2. Any borrowed money or trade debts shall be deducted in computing the amount of capital for the purposes of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but

where the business has been converted into a company, and more than two-thirds of the shares, in the company are held by the person who was the owner of the business, no value shall be attached to those shares, so far as they are represented by good-will or otherwise than by material assets of the company, unless the Collector in special circumstances otherwise directs. Patents and secret processes shall be deemed to be material assets.

STATEMENT OF OBJECTS AND REASONS.

The 13th December, 1918.

On the 10th of September, 1918, a Resolution was adopted by the Indian Legislative Council declaring that the prolongation of the war justifies India's taking a larger share than she does at present of the cost of the military forces raised or to be raised in this country. It is the object of the present Bill to raise money, by the imposition of an excess profits duty, towards the cost of the measures proposed to give effect to this Resolution.

2. Although no guarantee can be given by the Government on the point the change which has recently come over the military situation makes it possible that the sum to be raised by the duty will not be required for more than one year, and the duty is, therefore, imposed by the Bill only on the profits of a single year (clauses 2 and 4). The proposed duty will absorb fifty per cent of the excess of the profits made in an accounting period of twelve months over a certain standard called in the Bill the "standard profits" (clause 4). The accounting period consists of the twelve months ending on the 31st March, 1919, unless a different period of twelve months has been taken for the income-tax assessments of that year, when that period is taken; and the profits of the accounting

period are those ascertained for income-tax purposes (clause 5). Standard profits are calculated on different bases when the business subject to the duty has been assessed to income-tax in the course of the four financial years, 1913-14, 1914-15, 1916-17, and 1917-18, and when it has not.

3. When a business has been assessed to income-tax in the four years, the standard profits will under the Bill be the average profits as assessed for income-tax purposes, with proportionate increases if the assessment in any of the years covered a period of less than twelve months. When it has not been assessed to income-tax in all the four years, the standard profits will be calculated at ten per cent on the capital of the business at the end of the accounting period (clause 6). With slight modifications, the provisions of the British Excess Profits Duty Acts are followed for the calculation of the capital of the business. (Schedule II).

4. The Bill provides for an adjustment, where capital has been increased or decreased during the accounting period, by deduction from or addition to the profits of that period of an amount equivalent to ten per cent per annum on the increase or decrease of capital (clause 7.)

5. Businesses which have not earned in the accounting period more than thirty-thousand rupees will be exempt from the duty (Schedule 1), and in no case will a larger sum be taken as the duty than will reduce the profits to thirty-thousand rupees (clause 4, proviso). Otherwise the duty will be imposed upon all businesses except agriculture, offices or employments, professions subject to the limitations in force in the United Kingdom, and businesses which are liable to pay in respect of the accounting period excess profits duty in the United Kingdom (Schedule I).

6. In general, the procedure for the recovery of the duty, for appeals against the Collector's assessments, and similar matters will be that in force under the Income-tax Act (clauses

13 and 15), but there are some special provisions. The Collector is given wide powers to modify assessments when on application to him it is shown that for special reasons the methods laid down for calculating the duty will operate unfairly (clause 8), and persons dissatisfied with his orders on such applications are permitted to appeal to the Chief Revenue-authority, who, if it thinks that the appeal involves questions of general importance, is required to refer it to a Board of Referees appointed by the Local Government, and consisting of three members, of whom at least one must be a non-official acquainted with businesses of the nature of that in respect of which the appeal is made (clause 9). The Collector is also authorised in addition to his powers under the Income-tax Act to call, under penalty for non-compliance, for such particulars in connection with the business as he may require (clauses 11 and 12), to permit payment in instalments (clause 13), and to use in his assessments to the duty information obtained for the purpose of income-tax assessments (clause 16). Persons chargeable to the duty are required under penalty to give the Collector notice of the fact (clauses 10 and 12), and they are forbidden, on pain of a fine which may extend to one thousand rupees, to enter into fictitious or artificial transactions with the object of avoiding payment of the duty (clause 17).

J. S. MESTON.

16*th January* 1919.

From

J. K. MEHTA, Esquire, M. A.,
Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

To

The Secretary,
Finance Department,
Government of India,
DELHI.

Dear Sir,

With reference to your letter of the 20th December 1918 D. O. No. 3306-F I beg to send to you herewith a copy of the representation regarding the Excess Profits Bill addressed to the Government of Bombay by my Committee.

Yours Faithfully,
J. K. MEHTA,
Secretary.

16*th January* 1919

From

J. K. MEHTA, Esq., M. A.,
Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

To

A. F. L. BRAYNE, Esquire, I. C. S.,
Under Secretary to the Government of Bombay,
Revenue Department,
BOMBAY.

Sir,

I am directed by the Committee of this Chamber to reply to your letter of the 27th December 1918 No. 13707 of 1918 enclosing a copy of the Excess Profits Bill for their opinion.

This Bill follows the resolution moved by Sir William Meyer, the late Finance Minister, in the Imperial Council and accepted by the non-official members of the body, that the Council recognised that the prolongation of the War justified India's taking a larger share than she did at the time in respect of the cost of the military forces raised or to be raised in this country. This resolution itself, however, was a conditional one and consequently the assent given by non-official members was also conditional and not absolute. Sir William Meyer himself in moving the resolution declared that "it should also be understood that the contribution would similarly require reconsideration if it were found that grave financial burdens in other respects as for instance by a worse agricultural situation than that which we have at present to look to or if, though I trust this is unlikely we should be attacked by another grave currency crisis." Such a currency crisis has not arisen but the agricultural situation has grown decidedly worse than what it was in September last. At that time the monsoon was nearing its end and the hope was cherished that the late rains would be satisfactory. This hope did not however fructify and the result is a most distressful situation throughout the country. The truth is in fact, that a famine which threatens to equal in its disastrous effects some of the worst previous visitations is already on this land. Effects of the present visitation are again accentuated by the high level to which prices have been forced by the War and by the post-war commercial and industrial depression of a particularly severe charactor. My Committee feel sure that no worse agricultural situation than the one existing at present could have been conceived by Sir William Meyer when he promised that the contribution would receive reconsideration in such circumstances. My Committee beg therefore to urge most strongly that this resolution to take over ultra legal burdens by the Government of India will in view of the present acute crisis, be withdrawn as the country cannot stand at all the heavy financial strain imposed by it in

its present circumstances. Over and above this factor of the famine there is the early cessation of the war as against the critical situation prevaling when the resolution was passed. His Excellency the Viceroy in his opening speech at the war Conference referred to the fact that "the terrible revolution which has hurled Russia into anarchy has opened another door for Germany through Southern Russia to the confines of Eastern Persia and Afghanistan" and indicated how from this vantage ground she could threaten India. His Excellency again in his opening speech at the September Session of the Imperial Council observed that the fifth year of the war had been ushered in full of high hopes for the Allies and that the end was not yet (in sight). My Committee refer to this to show that the approval of non-official members to the taking over of the ultra legal burden involved in Sir William Meyer's resolution, conditional as it was, was given in view of the extremely critical nature of the situation then prevailing. Within less than two months however the situation underwent a revolutionary change on all the fronts. This period saw the collapse of enemy powers and the victory of Allied Arms to a degree which was never conceived of even by the most through going optimist. Sir William Meyer himself estimated that the war would continue up to March 1920, and that demobilisation would begin afterwards. Under this estimate we are saved more than a year and a quarter of war as also the cost of the additional army and its demobilisation expenses. Looking to all these facts my Committee are strongly of opinion that the resolution which committed India to an additional expenditure of £ 45 millions sterling should now be withdrawn. India has rendered glorious and meritorious services during the War to the Empire. By no one have these services been appreciated more than by the late Finance member of the Government of India. My Committee may say that in fact all the spokesmen of the Government of India, responsible ministers of the British Cabinet and leading members of the Parliament have acknowledged the

part India has played in bringing victory nearer to the Allied Arms. It must also be said that during the first two years of war 1914 and 1915 there was extreme depression consequent on the breaking out of hostilities. From October 1918 again all the trade and industrial markets have been dislocated and depressed. If the war period is taken into account as a whole it will not appear as if India has reaped a huge profit. The present depression will again wipe off whatever profits there were if it is long continued. In view then of the improved military situation and particularly depressed commercial and industrial and adverse agricultural conditions and the great poverty of India my Committee beg to appeal to the Government of India to withdraw the resolution regarding the taking over by this country of the ultra legal charges. If this grant is withdrawn there will be no longer any necessity for passing the excess Profits Bill which has roused an almost unanimous protest of the mercantile community against it. This tax again is likely to realise but a comparatively small amount and so my Committee beg to suggest that the alternative of a loan should be adopted in place of the Excess Profits Bill which will accentuate the present adverse conditions and cause, if persisted in, a disaster to the market which is already in a panicky condition. This course is to be recommended particularly with a view to avoid an unfavourable reception to the Government's loan programme in the year, which may be feared if an unpopular and harsh measure such as the Excess Profits Tax is carried through in face of the unanimous opposition of the commercial community. Industries of the country received some stimulus during the war period which would, it was thought, enable them to resist successfully foreign competition after the termination of hostilities. The Report of the Industrial Commission again aims at a great development of indigenous industries which would not be possible with this burden on them. This Excess Profits Tax threatens to take away a large part of the accumulated profits specially as the present year will prove a year of loss

to a large majority of merchants and industrialists. It is no exaggeration to say that many persons who have earned only small profits or have suffered even actual loss will have to pay this tax, which would be indeed unfair. Not only this but it would, by taking away the reserve strength of the industrial and trading world, sap the foundations of the Industrial future of India. The proposed Bill is thus objectionable from many aspects and my Committee feel that it will be disastrous to the country from all points of view if it is proceeded with. If however the Bill is proceeded with, my Committee should like to suggest the following important changes and modifications.

(*a*) Those companies which pay the Excess Profits Tax should not be held to be liable to pay the super-tax. No supertax is levied on companies in England.

(*b*) The Committee hope that it is intended to levy income-tax on the surplus of income after deducting the excess profits tax in England.

(*c*) The assessee may be given the option of choosing any three out of the four years just as the assessee in England has the option of choosing any two out of three years.

(*d*) The Excess Profits Tax should be made adjustable like the Income Tax on the current year's income being determined.

(*e*) In clause 6 (1) provision should be made as in the English Act that if it is shown to she satisfaction of the Collector that the said average profit is less than the percentage standard defined in clause 6 (2) the standard profit shall be taken to be the percentage standard. The percentage standard should be defined as in the English Act.

(*f*) That in case of commencement of trade or business after 1912 the prewar standard of profits should be taken to be the amount of profits arising from trade

or business on the average of as many years as the companies have worked during the years fixed for ascertaining the standard profits and also option should be given to the tax payer as provided in para 4 of the English Act 1915 Finance (No. 2) Forth Schedule part II. In this section the words "Commencement of any trade or business" should include any new part of business.

(*g*) Provision should be made in the Act on the lines of the English Act para 8 4th Schedule part 1 by which in estimating the profits no account is taken of incomes received from investments except in the case of life insurance business and businesses where the principal business consists of making investments.

(*h*) Clause 4 of schedule I of the Bill provides exemption from the proposed tax to any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom. Such an exemption is highly unjust and unfair as it would mean depriving Government, that is the tax payers of India, of a large amount of money which is their due considering that the companies and people concerned have earned their profits in this country. Such businesses need not be called upon to pay excess profits tax both in India and the United Kingdom but surely it is quite a new innovation in the reorganised cannons of taxation to divert tax on the profits of a company working in one country to another country. It is for these reasons that my Committee urge that this clause should be repealed.

(*i*) My Committee specially wish to draw the attention of the Government to the inequity of clause 5 of the Act. So far as the income tax is concerned there is

no special grievance in assessing on the period of 12 months for which the tax payer usually closes his account which period in the case of many Indian Merchants falls in Diwali *i. e.*, about the end of October or the beginning of November. Similarly several joint stock concerns close their year in June or some such odd months. There is no complaint regarding the ascertainment of profits of the accounting period for incom-tax in all such cases for there is no large variation in the rate of taxation, but in the case of the Excess Profits tax the grievance will be acutely and keenly felt. Care must be taken that different assessees are not differently taxed merely because of the incidence of the closing of the accounts on different dates. With regard to those who close their accounts in Diwali the period of assessment will represent eleven months of prosperity and one month of depression, while those who happen to close accounts in June will have to pay on the full prosperous year commencing from June 1917 and ending in June 1918, although they would also suffer from depression from October 1918 to March 1919. It is obvious that both these classes of people will be much worse off than those whose accounts are closed in March and who will have in their accounting period six Months of trade prosperity and six months of trade depression. In order that the proposed Bill, if passed into Act may operate fairly and equitably on all, my Committee beg to suggest that in case of assessees closing their accounts in June, their profits for purposes of this Act should be calculated on the bases of ¼ of their profits for 1917-18 and ¾ of their profits for 1918-19. Similarly with regard to those who close their accounts in Diwali their profits should

be taken to be $\frac{7}{12}$ of their profits for Sanvat 1974 and $\frac{5}{12}$ of those of Sanvat 1975. These periods are given as hypothetical instances but my Committee would like to suggest that similar averages should be drawn for people whose accounts are closed in periods other than March. If however the Government consider this procedure to be intricate, option may be given to the assessee to make up a special accounts for the remaining period upto March 1919 to ascertain the Excess Profits.

I beg to remain,

Sir,

Your Most Obedient Servant,

J. K. METHA,

Secretary.

APPENDIX No. 24.

Classification of Cotton Twist and Yarn.

No. 44.

DEPARTMENT OF STATISTICS, INDIA.

Calcutta, the 4th January 1919.

From

G. FINDLAY SHIRRAS, Esq., M.A., I.E.S.,
Director of Statistics.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I have the honour to enclose a statement showing the present and proposed classification of cotton twist and yarn in the Sea-borne trade returns and to request the views of your Chamber on the proposed classification.

2. The revision of the classification at present obtaining has been suggested by the Collector of Customs, Calcutta copy of whose letter is enclosed. I shall be glad if you will kindly say (1) whether all doubles under grey and coloured twist should be classified as unspecified descriptions without the details of counts and (2) whether there will be any difficulty in showing the number of counts under white yarns (doubles and singles) as under grey and coloured yarn.

I have the honour to be,
Sir,
Your most obedient servant,
G. FINDLAY SHIRRAS,
Director of Statistics.

Statement showing the present and proposed revised classification of cotton twist and yarn in the Foreign Seaborne trade returns.

Present classification.	Revised classification.
COTTON.—	COTTON —
Twist and Yarn.	**Twist and Yarn.**
(i) Mule and water Nos. 1 to 10	(i) Grey.
„ „ „ „ 11 to 15	(With the same counts).
„ „ „ „ 16 to 20	
„ „ „ „ 21 to 25	
„ „ „ „ 26 to 30	
„ „ „ „ 31 to 40	
„ „ „ „ 41 to 50	
„ „ above „ 50	
(ii) Orange, red, and other colours, Nos. ... 1 to 20	(ii) Orange, red and other colours.
Orange, „ ... 21 to 25	(With the same counts).
Do. „ ... 26 to 30	
Do. „ ... 31 to 40	
Do. „ ... 41 to 50	
Do. above „ ... 50	
(iii) Mercirised cotton yarn ...	(iii) White.
(iv) Unspecified descriptions ...	(iv) Mercirised cotton yarn.
	(v) Unspecified descriptions.

MULE AND TWIST,

Department.

D. N. GLANT,

SUPERINTENDENT,

Department of Statistics.

Copy of letter No. R. O. C. 2,099/18 dated the 5th December, 1918 from the Collector of Customs, Madras, to the Director of Statistics, Calcutta.

With reference to your letter No. 6,576 dated the 28th ultimo, communicating revised classification for cotton twist and yarn, it is presumed counts as at present shown for "mule and water" single, and coloured twist and yarn single, should be shown for grey and coloured respectively in the returns after 1st April next. As white is ordinarily imported in doubles, I presume all numbers both singles (if any) and doubles may be included without distinction under this sub-head and separate figure of numbers omitted. All doubles of grey (not usually imported) and coloured will be classified as unspecified descriptions for which, as also for mercerised cotton yarn no numbers will be given in the returns as hitherto. I shall be glad to have your confirmation.

Copy of letter No. S/1,130 dated the 12th December, 1918 from the Collector of Customs, Bombay to the Director of Statistics, Calcutta.

With reference to your letter No. 6,574 dated the 28th November last communicating the revised classification of cotton twist and yarn in the foreigh sea-borne trade returns of imports for adoption with effect from 1st April 1919, I have the honour to state that since no mention is made in your letter about the count numbers I presume that the count numbers at present shown for "Mule and Water" are to be adopted for "Grey" and "White" also as was proposed in this office letter No. S/836 of the 12th October last and those for "Orange, red and other colours" should continue to be shown in the revised classification.

Copy of letter No. 9832 dated the 9th August, 1918, from the Collector of Customs, Calcutta, to the Director of Statistics Calcutta.

With reference to the headings* for cotton twist and yarn shown in the import foreign sea-borne trade accounts, I have the honour to point out that there is some confusion of classification in the heading "mule and water," apart from the fact that my Appraisers do not attempt, and indeed are not in a position, to distinguish between mule and ring twist, and that there is not so far as I am aware any statistical interest to be served by perpetuating such a distinction. It has hitherto been the practice in this office to register all grey yarns under this head although probably the greater part of the grey yarns and twists now imported are "ring" and not "mule," while white yarns have been entered under 'unspecified description,' though it is certain that some varieties of these would be more correctly shown as "mule or water." Again coloured twist before being dyed may be "mule or water" and in such cases there is overlapping between headings 1 & 2.

* Cotton Twist and yarn.

* Mule Water.

* Orange, red and other colours.

* Mercrised cotton yarn.

* Unspecified Descriptions.

2. I would suggest therefore for your consideration that the heading "mule and water" be abolished and "grey be substituted. The words "including white" might be added to the heading "unspecified descriptions of twist and yarn."

True copy,

M. D. JUSUFF,

Assistant in Charge.

17*th January*, 1919.

From

J. K. MEHTA, Esq., M. A.,

Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

G. FINDLAY SHIRRAS, Esq., M. A., I. E. S.,

Director of Statistics,

CALCUTTA.

Sir,

With reference to your letter of the 4th instant No. 44 I am directed by my Committee to inform you that numbers of different counts should be shown both with regard to items No. 1 and 2. specified in your paragraph No. 2. With regard to the proposed classification of Cotton Twist and Yarn in the Foreign Sea-Borne Trade Returns they would like to have mule yarn and Twist specified separately as also Grey and white. Such a classification is of interest to merchants and manufacturers.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

No. 639.

DEPARTMENT OF STATISTICS, INDIA.

Calcutta, the 31st January, 1919.

From

G. FINDLAY SHIRRAS, Esq., M.A., I.E.S.,
Director of Statistics.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

I have the honour to acknowledge the receipt of your letter, No. dated the 17th January, 1919 and to thank you for the valuable suggestion made therein regarding the proposed classification of cotton twist and yarn in the seaborne trade returns of British India.

I have the honour to be,
Sir,
Your most obedient servant,
G. FINDLAY SHIRRAS,
Director of Statistics.

APPENDIX No. 25.

The following Telegram was sent to the Revenue and Agricultural Department of India thanking Government for reducing the freight on rice.

From

J. K. MEHTA, Esquire, M. A.,
Secretary.

To

INDIA REVENUE,
DELHI.

With reference to the recent announcement by the Food Commissioner reducing the freight on rice from Burma to Bombay from rupees fifty-five to rupees forty committee of

Indian Merchants' Chamber thank Government for same. This reduction however is not sufficient. Gravity of the situation demands reduction to rupees twenty and committee pray that this concession will be given in view of the acute distress.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

APPENDIX No. 26.

Proposed establishment of a service for the collection of trade charges on parcels exchanged with the United Kingdom.

No. 18 of 1919.

FINANCIAL DEPARTMENT.

Bombay Castle, 3rd January 1919.

From

A. F. L. BRAYNE, Esq., I. C. S.,
Under Secretary to the Government of Bombay.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

I am directed to forward copy of a letter from the Government of India, No. 11253 dated 14th October 1918 regarding the proposed establishment of service for the collection of trade

charges on parcels exchanged with the United Kingdom, and to request that this Government may be favoured with the opinion of the Chamber on the subject.

I have the honour to be,
Sir,
Your most obedient servant,
M. V. GARDAN,
for Under Secretary to Government.

Letter from the Government of India, Department of Commerce and Industry No. 11253 dated 14th October 1918.

I am directed to invite a reference to the correspondence ending with the Ho'ble Mr. R. A. Lamb's letter No. 4035 dated the 6th October 1908, regarding the proposed introduction of a scheme for the exchange of value-payable parcels between the United Kingdom and India. On previous occasions opinions for and against the scheme were almost equally divided but, as might be expected, while the opinions of consumers were in favour of the proposal, the Trades Associations, which represent the retail shopkeepers, were unanimously opposed to it. In view of this fact His Majesty's Government were informed that the Government of India were not prepared to enter into the arrangement.

2. Intimation has now been received that the General Post Office London, propose negotiating with the Dominions, and Allied and possibly neutral countries for the establishment of a service for the collection of trade charges on parcels exchanged with the United Kingdom and the Government of India are invited to co-operate in the scheme.

3. The Government of India recognise that circumstances have changed since 1908, especially as the result of the war, and before coming to a decision in the matter they would be glad if, after consulting Chambers of Commerce, Trades Associations and such representative bodies as are likely to express useful opinions on the subject, the Government of Bombay would favour them with an expression of their opinion on the subject.

25th January, 1919.

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

A. F. L. BRAYNE, Esq., I. C. S.,

Under Secretary to the Government of Bombay,

Financial Department,

BOMBAY.

Sir,

I beg to acknowledge the receipt of your letter No. 18 of 1919 dated the 3rd instant enclosing copy of a letter from the Government of India, Department of Commerce and Industry No. 11253 dated the 14th October 1918, regarding the proposed introduction of a system for the payment of "Cash on Delivery" with regard to parcels and packets exchanged between India the United Kingdom, the Dominions and Allied and possibly neutral countries.

My Committee have carefully considered the matter and they fully endorse the view held by the Government of India that the adoption of this system would greatly benefit the

Indian people at large. On account of the facility offered by this system of direct dealings, the consumers in India of imperted supplies, will be in a position to get these cheaper, as they shall not have to pay any charges to middlemen.

With the adoption of this system, direct transactions between consumers here and traders and manufacturers abroad will be facilitated and will increase with rapidity, as great encouragement will be given to large establishments abroad to export their goods to this country under the facility offered by this system, which will protect them from losses in the shape of non-payments by consumers to which they are liable under the present arrangements, and also to local consumers who can get their requirements from abroad without middlemen's profits and the likelihood as under the present system of their remittances remaining unresponded to.

My Committee recognise however that the introduction of this system will adversely affect the interests of many large establishments in this country, who are at present acting as middlemen between the exporters abroad and the consumers here. It is quite natural therefore that such interests should protest against the adoption of this system, which would deprive them of a part of their earnings. But my Committee hope that Government will be pleased to consider the matter purely from the point of view of the benefit to be derived by the community as a whole through the introduction of this system.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

APPENDIX No. 27.

No. 192.

Election of a trustee of the Port Trust.

MARINE DEPARTMENT.

Bombay Castle, 31st January 1919.

From

G. A. THOMAS, Esquire, I. C. S.,
Secretary to Government,

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed to forward herewith for the information of the Indian Merchants' Chamber and Bureau a copy of Government Notification No. 191 dated the 31st January 1919, regarding the election of two-elective-trustees under sub-section (1) of section 6 of the Bombay Port Trust Act, 1879, for the term of office commencing on the 1st April 1919.

I have the honour to be,

Sir,

Your most obedient servant,

G. A. THOMAS,

Secretary to Government.

No. 191.

Notification.

MARINE DEPARTMENT.

Bombay Castle, 31st January 1919.

In exercise of the powers conferred by sub-section (1) of section 6 of the Bombay Port Trust Act, 1879 VI of 1879), the Governor in Council is pleased to direct that the election of two elective-trustees under the said section for the term of office commencing on the 1st April 1919 shall be made as follows:—

One by the Indian Merchants' Chamber and Bureau, Bombay.

One by the Grain Merchants' Association, Bombay.

By order, etc.,
G. A. THOMAS,
Secretary to Government.

BOMBAY PORT TRUST.

Secretary's Office, Ballard Road, Fort,
Bombay, 7th February 1919.

No. 495.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

With reference to Government Notification, Marine Department, No. 191 dated 31st January 1919, directing under sub-section (1) of Section 6 of the Bombay Port Trust Act, 1879,

that your Chamber shall elect a Trustee for the Port of Bombay for the term of office commencing on the 1st of April 1919, I am directed to say that under the provisions of Section 10 of the said Act it will be the duty of your Chamber on some day not earlier than the 1st and not later than the 15th of March next to elect a Trustee accordingly.

I am to invite attention to the provisions relating to such elections and especially with regard to the requirements of subclauses (2), (3) and (4). A copy of the Port Trust Act is herewith forwarded for your information and guidance.

I have the honour to be,
Sir,
Your most obedient servant,

Acting Secretary.

19, Bank Street,
Old Telephone Buildings,
3rd March 1919.

From

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

To

The Secretary
Bombay Port Trust,
BOMBAY.

Sir,

With reference to your letter of the 27th February 1919 No. P. 495 I beg to inform you that this Chamber has, in accordance with sub—Section (1) of Section 6 of the Bombay Port Trust 1879, duly elected Mr. Manu Subedar as its representative on the Port Trust Board of which you will be pleased to take note.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

APPENDIX No. 28.

The Franchise Committee.

No. 714.

Dated Camp, the 25th January 1919.

From

P. C. TALLENTS Esq., I.C.S.,
Secretary, Reforms Committees (Franchise).

To

The Secretary,
Indian Merchants' Chamber and Bureau,
19, Bank Street, Old Telephone Building.

Sir,

I am directed to inform you that the Franchise Committee, which is now sitting in Bombay, would, if possible, like to hear the views of your Bureau through a representative nominated by you on the following points:—

(1) Whether your Bureau desires a continuance of the present system of representing on the Council the trade interests with which it is concerned, or wishes to put forward any alternative proposals for the representation of those interests, and

(2) How far your Bureau is really representative of the trade interests with which it is concerned.

2. I am to request that a duly accredited representative may be instructed to appear in the Council Chamber in the Secretariat Building at 12-30 p.m. on Tuesday, January 28th.

I have the honour to be,
Sir,
Your most obedient servant,
P. C. TALLENTS,
ecretary, Reforms Committees.

APPENDIX No. 29.

The Bombay Disqualification of Alliens Act.

No. 1765.

GENERAL DEPARTMENT.

Bombay Castle, 4th March 1919.

From

G. A. THOMAS, Esq., I.C.S.,
Secretary to Government.

To

The Secretary,
Indian Merchants' Chamber and Bureau.

Sir,

I am directed to state that under section 19 (4) of the City of Bombay Municipal Act, 1888, a company may be enrolled as a voter and under sections 14 (2) and 19 (11), (19) and (21) persons may be entered in the voting list as representatives of firms, joint stock companies and corporations for the purposes both of voting and membership. Government are advised that the provisions of the Bombay Disqualification of Aliens Act, 1918, do not apply to such firms, companies and corporations. In order to carry out the intention with which the latter Act was framed, it is therefore necessary that firms, etc., which are alien in character, as well as individual aliens, and also persons who, although not aliens themselves, represent alien firms, should be disqualified. I am to forward herewith a draft of the amendments which has been prepared for the purpose and to request that Government may be favoured, at a very early date, with any remarks and suggestions which the Chamber may have to offer in respect of it.

I have the honour to be,
Sir,
Your most obedient servant,
G. A. THOMAS,
Secretary to Government.

DRAFT AMENDMENTS.

For clause (a) of section 2 of the Bombay Disqualification of Aliens Act, 1918, the following shall be substituted:—

(a) "alien" means:—

(*i*) a person who is neither a British subject nor a subject of a state in India, or

(*ii*) a person who, whether he is himself within the foregoing definition or not, represents an alien firm for the purpose of voting at an election of a member of any of the local authorities specified in the schedule or for the purpose of membership of any of the said authorities, or

(*iii*) an alien firm as hereinafter defined;

"Alien firm" means any firm, company, association or body of individuals (whether incorporated or not), a majority of the members of which are aliens as defined in sub-clause (i), or the business of which is carried on under the control or mainly for the benefit of aliens as so defined.

14*th March* 1919.

From

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

To

G. A. THOMAS, Esquire, I. C. S.,

Secretary to Government,

General Department,

BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter of the 4th instant No. 1765 and to inform you in reply to the

same that the Committee of this chamber have no objection to the amendments to the Bombay Disqualification of Aliens Act, 1918 suggested in your letter. They have no further remarks to offer in respect of the same.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

APPENDIX No. 30.

Hardships suffered by passangers on S. S. Taroba.

THE INDIAN NATIONAL ASSOCIATION,
Zanzibar, 22nd February 1919.

To
The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir

I am directed by my committee to place before you for your kind consideration the enclosed copy of the translation of a letter I have received from the Deck passengers who travelled to these parts from India per the B. I. S. N. Co.'s S. S. Taroba voy. 213.

I am writing to the Agents of the said Line at Calcutta and Bombay (as per copy herewith enclosed), but I beg to request you also to take up the matter earnestly and submit strongest possible representations in the matter to the Authorities concerned, to ensure to our Indian Deck passengers atleast the most ordinary comforts and human treatment during their long voyages to foreign lands.

I beg to say that the Indian and the Provincial Governments should be requested to intervene and to warn those responsible to pay proper attention to the comforts and necessary wants of the Deck passengers travelling between India and Africa.

Trusting your Chamber will be pleased to do its utmost in the matter and requesting you to kindly let me know the results of your kind efforts.

I have the Honour to be,
Sir,
Your most obedient Servant,
A. G. MOHAMED,
Hon. Secretary,
The Indian National Association.

COPY.

Translation of a Gujarati letter addressed to the Indian National Association written from the Prison Island by the passengers kept in quarantine there of S. S. "TAROBA" from Bombay voy. 213.

THE QUARANTINE ISLAND OF ZANZIBAR.
Dated 31*st January* 1919.

To

The Hon. Secretary,
INDIAN ASSOCIATION,
ZANZIBAR.

Dear Sir,

We the undersigned third class (Deck) passengers of S. S. Taroba of the B. I. S. N. Co., Ltd. humbly beg to draw your attention to the following account of our miserable voyage.

S. S. TAROBA, voy. 213, left Bombay at 7 p.m. on 13th January 1919 taking about 350 to 400 passengers for Mombasa, including the undersigned. She reached Porebunder on 14th, left it on 15th, and reached Seychelles on 22nd. During this period we suffered the following miseries to which we beg to call your attention.

1. The W. C.s for the 3rd class passengers in S. S. TAROBA are in the dirtiest possible conditon and they are also much as no decent man can use. Because instead of there being separate closets there is something like a room in which 5 to 6 persons sit in a line at a time, which is the most indecent thing possible. And they give out such a stanch all the time that we have heard of some persons having fallen down senseless thereby.

2. On leaving Bombay, salt water was continually kept flowing through this W. C. for about 4 or 5 days. But after that sometimes the water flowed and sometime stopped, which caused further trouble to the passengers.

3. There is no arrangement whatever for third class (Deck) passengers to bathe on board S. S. TAROBA. Males may have their bath in the open, but the Hindu and the Mahomedan ladies are not able to have a bath for fifteen days, so that their bodies get extremely unclean and this is most likely to produce illness.

4. Fresh water is not to be had in sufficient quantities for bathing and drinking purposes. Water was given for about 2½ hours in the morning and the same time in the afternoon. But the total number of passengers on board S. S. TAROBA was nearly one thousand and it was not certainly possible to provide sufficient water to them within five hours. Further the drinking water was sometimes found to be a litte brakish, which caused some illness among some passengers, as we hear.

5. It was raining during the 3 to 4 days she took to go from Porebunder to Seychelles. The showers fell on the passengers on the deck or below. Their luggage also was open to these showers. There were Tarpaulines spread above. But some of them were torn and therefore the rain water fell on passengers and on their luggage and made sleep at night impossible. It was then natural that ladies and children became ill through want of sleep due to their being unprotected from rain. The attention of the Malam (Officer) and the clerks on board the steamer was drawn to this state of things, but nobody cared anything for the 3rd class (Deck) passengers. We also requested that tarpaulines should be spread along the sides and also above. But all the replies were in the negative.

6. We reached Mombasa on the 27th January in this wretched condition. In the meantime the child of a Goanese passenger was found to be suffering from small-pox. This child and his relatives had been removed to the 2nd class. At Mombasa these persons as well as other 2nd class and 1st class passengers were landed. While the 3rd class prssengers were brought here for quarantine. In the meantime, Mr. Hassambhai Janmahomed, the Manager of Mr. A. Allidina Visram and some other gentlemen spent about Rs. 8 and wired to the Principal Medical Officer, Nairobi and the Indian Association, Nairobi. These wires were sent in the name of Mr. Hassam Janmahomed, containing requests, on behalf of about 350 Mombasa passengers, to cancel the quarantine. But no reply was received. Nor was the Principal Medical Officer kind enough to cancel the quarantine. Perhaps it was not possible to do so. But then the passengers were willing to remain in quarantine in Mombasa itself, and that they were not willing to be brought to this place (i.e. Zanzibar) for its sake.

7. The steamer then left Mombasa on the 28th January and came to Zanzibar at about 8 p.m. on 29th January 1919. The Mombasa and the Zanzibar passengers were ordered to go

into the lighters alongside the steamer, taking their luggage with them with their own hands. So these passengers began to shoulder their luggage like miserable coolies and to get into the lighters with the greatest difficulty. The lighter was about 4 to 5 feet away from the lower and of the ship's ladder. The passengers had thus to throw their trunks, etc. into the lighter across this distance. Many trunks were thus broken to the loss of the owners. Then they began to put in the same way into the lighter their dear children for whom the Hindu and the Mahomedan passengers had undertaken, together with their wives, the troubles of African life. While being lowered in this way, many of the children were naturally hurt. Old persons and lady passengers managed to get into the lighters weeping and with greatest misery and difficulty. More than 150 passengers were thus put with their luggage in each lighter. All this while the Officers of the steamer were laughing and enjoying themselves at our expense, which was the most contemptible thing for them to do. In the lighters the passengers were packed like so many sheep. In the steamer also they were kept like sheep. But when they reached Mombasa, they forgot all their miseries in the joy of having at last reached their destination. But just then the abovementioned trouble about the quarantine happened. It was half past eight (in the morning) when the passengers began getting into the lighters and this work was finished by about ten o'clock. As the work thus began early in the morning most of the passengers had not even taken their breakfast. It was ten o'clock when the passengers had all got down into the lighters and it was exactly 2-15 p.m. when the steam launch began to tow them. Thus they had to wait FOR FOUR HOURS AND A QUARTER in the lighters *during the hottest part of the day.* Children were everywhere crying, as they were without food and could get no water. There was a most horrible scene in the lighters with everybody crying for something or another. Some wanted to go to W.C., some wanted water some said they were hungry, but there was no help whatsoever and the parents had to quietly

see the sufferings of their dear young ones. It was nothing but a sort of oppression to which all the passengers were thus subjected. The Officers in the steamer of course had no idea as to how terribly hot the sun was (in the open lighters). If the steam launches were not ready why were the 3rd class passengers with their wives and children forced into the lighters and thus subjected to indescribable misery of heat, hunger and thirst for four hours? Surely it is a matter beyond our comprehension. And even then the European Officers of the Steamer felt no pity whatsoever either for us or our children.

8. After having suffered all the abovementioned misery, the steam launch began towing the lighters. During this operation also the passengers got wet with sea water, as the launch towed two lighters together, which therefore were continuously striking against each other, causing water to break in drenching sprays over both the lighters. We reached the (Prison) Island at about 4-15 p m. The lighters stopped in about 5 to 6 feet of water. Small boats took the passengers here from the lighters to the shore. While the passengers were getting into these boats from the lighters, some fell down in water reaching upto their necks, but were fortunately saved. One or two children also thus fell into the water, but they also were saved. But the luggage of the passengers and the clothes they wore at the time were thoroughly wet. Women were wet, in some cases upto their knees, in other cases upto their very waist and had to go to the shore in that indecent state, the whole being a most pityful and heart-rending scene.

9. On reaching the shore of the Island, the coolies being not allowed to enter the Island, the passengers themselves had to shoulder their luggage like coolies and go to the buildings on the Island. One of the lighters was so late as 7 p. m. in reaching the Island and the misery those passengers had to experience while getting down to the shore is beyond description.

10. The Company has arrangement on board s. s. TAROBA to supply cooked food to the Hindu and the Mahomedan 3rd class passengers. Therefore Several passengers had no cooking utensile with them when they left India. They only came with their beds and clothes etc. Others had a few. Only some had got enough utensils. How then was cooking to be managed by those who had no utensils with them? And how could they then keep up their health if they would not get proper food to eat? It does not seem that our Officers had thought about those things. You can fancy what must have been the misery of the Hindu passengers who have again to observe their caste rules.

11. After suffering all these miseries we reached the houses in the Island by about 7 p. m. All were without food since the morning. AND SOME OF US WHO HAD BROUGHT NO FOOD STUFFS WITH US (from India) AS WE HAD ARRANGED TO GET FOOD ON BOARD THE STEAMER, PASSED THE NIGHT WITHOUT A SINGLE MORSEL. We leave it to you to fancy how miserable we must have felt at the time.

12. Then on 30th January 1919, we were given two days' rations, which were however so insufficient and also inferior in quality that some of us took the occassion to bring it to the notice of the Secretary of the Indian Association, when they saw him here and also of the local Medical Officer; and as we hope that proper arrangement will now be made about our food; we do not think it necessary to say anything more about this.

13. Some of us have with us our wives and children and we had to suffer a great deal in the begining through want of sufficient room. But the Local Medical Officer was kind enough to remove this difficulty on the morning of 30th January, for which we are obliged to him.

Several of us have spent a good deal while getting our luggage removed, (first) from the steamer into the lighters,

(then) from the lighters in to the boats and (last) from these boats to the shore (of the Island). But we were never helped in this by either the crew of the steamer or the coolies in the lighters. (unless they were paid).

We have suffered so much up to now, We have yet to go to Mombasa and God alone knows what more miseries are in store for us till we at last do get there.

Some of us wished to travel by the second class from India; but they could not get second class tickets, being told at Bombay that all the 2nd class berths in this steamer were engaged for European passengers and for Government Servants. Thus even those of us who could have afforded to travel by 2nd class had to suffer all this misery and wratchedness falling to the lot of the 3rd class (Deck) passengers.

We trust your Association will be kind enough to take the above into your kind consideration and will try to draw towards it the attention of the Authorities concerned and thus save us and our other Indian passengers from being subjected to this misery. We also recommend to your Association that if they think it proper, they should get copies made of the above and should bring the matter to the attention of the undermentioned gentlemen :—

(1) The President of the Home Rule League for India, Hornby Road, Bombay.

(2) The Secretary, Indian Association, Nairobi.

(3) The Manager of the B. I. S. N. Co., Ltd. Calcutta.

(4) The Principal Medical Officer, Nairobi.

You should draw the attention of these four gentlemen to the abovementioned facts if you think it proper and if your Association would decide by majority to do so, or to enclose

them copies of this letter. And we further hope you will oblige us by drawing to this matter the attention of any other gentlemen, as you would deem proper.

We are, Dear Sir,
Your faithful brethern,
who had the misfortune to
personally experience the
above mentioned hardships.

(Signed by Onehundred and twentyfive Hindu, Mahomedan and Goanese Deck passengers travelling by S. S. TAROBA, 213, representing all others who have been Quarantined).

3rd April 1919.

To

The Hon. Secretary,

The Indian National Association,

ZANZIBAR.

Dear Sir,

Your letter of the 22nd February 1919 was considered by my Committee at their last meeting and they have already addressed a letter to Messrs. Mackinnon Mackenzie & Co., Agent, B. I. S. N. & Co., Ltd. drawing his attention to your complaints and asking him if these complaints are founded on facts. My Committee will consider the question of proceeding further with representations after a reply is received from Messrs. Meckinnon Meckenzie & Co.

Yours faithfully,
J. K. MEHTA,
Secretary.

To

The Honourary Secretary,

The Indian National Association,

ZANZIBAR.

Dear Sir,

With reference to your letter of the 22nd February 1919 and my letter of the 3rd April 1919 I am directed to inform you that the Committee have been making inquiries regarding the subject matter of your complain. They have received an explanatory letter from Messrs. Mackinnon Mackenzie & Co., and have proposed that their representatives should personally see the arrangements in the S.S. Taroba for passengers. A further communication will be made to you as soon as possible.

Yours faithfully,
J. K. MEHTA,
Secretary.

COPY.

Old Telephone Buildings,
19, Bank Street, Fort,
Bombay, 3rd April 1919.

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Manager,

Messrs. MACKINNON MACKENZIE & Co.,

Agents, The B. I. S. N. Co., Ltd.

BOMBAY.

Dear Sir,

My Committee have received from one of their Members, the Indian National Association of Zanzibar, a complaint to the effect that the Deck Passengers who travelled to Zanzibar from

India per your Steamer S. S. Taroba Voy 213 were put to an amount of haresementand inconvenience. I am directed to enclose herewith a copy of the communication received from this Association and to request you to be good enough to inform my Committee if the complaints made therein have drawn the attention of your Company and also if they are borne by facts. I do not enclose a copy of the letter from the passengers to the Indian National Association as it appears you have already been sent such a copy.

Yours faithfully,
J. K. MEHTA,
Secretary.

British India Steam Navigation Co., Ltd.
(Incorporated in England.)

Bombay, 15th April 1919.

Post Box No. 122.
No. 1192.
Telegraphic Address:—"MACKINNONS."

The Secretary,
The Indian Merchants' Chamber and Bureau,
19, Bank Street, Fort,
BOMBAY.

Dear Sir,

With reference to your letter of 3rd instant and your call at this Office yesterday, we now enclose herewith extracts from a letter from the Commander of S.S. "Taroba" dated 25th

ultimo addressed to us and also a copy of letter of 3rd instant from the Managing Agents, Calcutta, to the Honourary Secretary of the Indian National Association, Zanzibar, dealing with complaints from deck passengers who travelled from Bombay to Mombasa per "Taroba" Voy. 213.

Yours faithfully,
Pro: Mackinnon Mackenzie & Co.,
G. K. CAMPBELL,
Agents.

Extract from letter from the Commander, of S. S. "TAROBA."

Bombay 25th March 1919.

Messrs. MACKINNON MACKENZIE & Co.,
BOMBAY.

Dear Sirs,

With reference to copy of a letter from the Indian National Association, Zanzibar, received from you with a request to explain underlined passages, I would state:

I. The native W. Cs. on board are as per Indian Government Regulations, *viz.* rows of seats inside latrines built into the ship with doors.

II. There are three washhouses, two forward and one aft, also built into the ship which are shut off from the public. They are just cemented floors of cabins. One washplace is reserved for women.

III. Fresh water is supplied twice daily; there are two 400 gallon tanks on deck with pipes attached, these are pumped up from the engine room morning and afternoon total 1,600 gallons. As we have never had more than 1,000 passengers the supply should be ample but as almost every passenger has an empty kerosine tin which he expects to fill several times a day and they all crowd round the tap as soon as the water comes it is no wonder some one goes short. The consumption of water is enormous more than half of it being wasted by the passengers themselves. They waste water and delay other passengers by washing their feet in the fresh water running from the tap. The allowance of water under the Indian Passenger ships Act is one gallon per head per day.

IV. The ship when away from port spreads single awnings fore and aft and in rainy weather side screens. The, tween deck accommodation being generally half filled with their luggage a lot have to remain on decks and in wet weather naturally get wet.

V. These passengers were removed from the ship to the Quarantine island in ordinary lighters used for cargo. These lighters of course are not fitted with awnings or with spreaders for awnings and it cannot be expected that they should be. This is a matter for the Quarantine Authorities to arrange.

VI. It never has been in my 32 years service in the Company the custom for the crew to handle deck passengers' luggage: they have plenty of ship's work to do.

VII. The Southern port passengers were ordered out of the ship by the Quarantine Authorities as she had

to be fumigated with sulphur. They were put into lighters and made fast to a buoy as there was only one tug available for all work that day at Zanzibar. These lighters were the same kind as those first complained of, not fitted with awnings. None of the passengers who were put in them were any the worse for it. It is no part of any one in the ship to rig lighters with awnings. Personally I can only see that the cause of the complaint is that passengers for Mombasa should have to go to Zanzibar to do their quarantine.

With reference to the copy of the letter in Guzerati, most of the underlined parts are the same as in the former letter. With regard to the flush of water, this is the first time I have ever heard deck passengers complain about it.

The complaint re fresh water being brackish is not true. No one became ill from this. Re passengers getting wet at Seychelles this was due to awnings having to be removed for cargo work and too much passengers luggage leaving no room for themselves in the, tween deck. There were 200 passengers less than what the ship is measured for; the child suffering from small pox and its mother were as soon as it was discovered isolated in the Hospital tent on the Boat deck. The statement about the luggage being put into the lighter at Zanzibar speaks for itself. They say that they had to throw their luggage 4 to 5 feet into the lighter and later on that they put their children in the same way. Further they state that the ship's officers laughed when this was being done. There is no truth in these statements.

Yours faithfully,

(Sd.) C. E. HODGSON,

Master.

COPY.

Calcutta, 3rd April 1919.

The Hony. Secretary,

The Indian National Association,

ZANZIBAR.

Dear Sir,

We have to acknowledge receipt of your letter No. 22/19 of 22nd February last enclosing copy of a letter received by your Association from certain passengers who had to be put into quarantine from the S. S. "Taroba" Voy. 213. Pending a report from the Company's Bombay Agents after arrival of the "Taroba" there we had not acknowledged your letter but are now in a position to deal with same.

In the first place by far the greater part of the passengers letter concerns the Quarantine arrangements at Zanzibar. Over this the Company or the Company's Agents have not the least control and it would accordingly seem to be a matter which should be taken up by your Association with Government direct. In view, however, of the complaints laid, we have, in the interests of passengers, instructed our Agents to bring the matter to the attention of the local Government and to ask Government what modifications in the system they propose to make.

Other complaints deal with the form and cleanliness of the lavatory and washing accommodation. We would point out that these are fitted in accordance with the Indian Government Regulations. The flushing arrangements are being carefully attended to.

In regard to the supply of fresh water we would ask you to remember that no vessel is able to carry water in unlimited quantities. The policy of the Company has, however, always

been to carry the greatest amount possible to allow generally two or three times as much to be issued per head as Government Regulations call for. There are, however, always to be found some passengers who are entirely inconsiderate in regard to the quantity used and if towards the end of a voyage the supply has to be curtailed we are afraid the reason is generally found to be due to such wastage. We have ascertained that it is quite incorrect to say that the water in the "Taroba" was ever brackish. Passengers themselves are somewhat indefinite on this point and attention was never drawn to this on board.

As regards protection from rain, we would say that awnings and side screens are always spread in wet weather. These are not and cannot be expected to be altogether watertight. For absolute protection it would be necessary for all passengers to retire to the, tween decks but the amount of baggage carried by the passengers who have taken their stations there sometimes precludes this being done. The remedy would appear to lie with passengers if they would retain with them in the space set apart as passenger accommodation only such packages as are actually required on the voyage.

It is a pity this trouble has arisen, but your Committee will realize that the steamer cannot in any way be held responsible for the difficulties of Quarantine arrangements to which the passengers were submitted and we feel that these inconveniences have really been the root of their complaint. We are, as indicated, doing everything to have these conditions ameliorated as also those particular points in regard to arrangements on board the steamer to which attention has been drawn.

It is hoped that the occasion for further complaints will not arise.

We are, Dear Sir,
Yours faithfully,
Sd/- MACKINNON MACKENZIE & Co.
Managing Agents.

The Indian Merchants' Chamber & Bureau.

Telegraphic Address:—"INCHAMBU."
Telephone No :—1180.
Old Telephone Buildings,
19, Bank Street, Fort,
Bombay, 19*th June* 1919.

Report of the Sub-Committee appointed for seeing the S. S. Taroba with reference to complaints of Indian National Association, Zanzibar.

We went to see the S. S. Taroba on Thursday the 19th instant at 8-30 a. m. and were shown all over the ship by Mr. Campbell of Messrs. Mackinon Mackenzie and Co., Ltd., and the captain of the ship.

The specific complaints of the passengers of S. S. Taroba which required a personal inspection may be stated as below in the words of the Indian National Association of Zanzibar.

(1) Indescent W. C.s quite unfit to respectable Indians.

(2) No means of taking bath on Board specially for Ladies.

(3) Negligence on the part of the officers to protect the passengers from rain.

With regard to complaint No. 1 it appears to be a real one, at least when it was made. We saw the arrangment of W. C.s as it existed when the complaint was made by the deck passengers of voyage 213. Different rooms were reserved for men and women for this purpose but there were only small partitions of about three feet high seperating one seat from the other in the same room and with no doors or screens attached

to each seat. This was decidedly an arrangement which could not be said to observe the laws of morality and it is satisfactory to note that after the complaint was made from our Chamber to Messrs. Mackinon Mackenzie and Co. steps have been taken to put up concrete partitions with good wooden doors. The complaint may, therefore, now be said to exist no longer.

II. With regard to the second complaint we fail to understand how it was made. Both under the old and new arrangements separate baths have been provided for both men and women with wooden doors attached. Under the new arrangement an iron screen is to be placed before the bath room for women in order to screen them off from the public view when going through the bath room.

III. With regard to the third complaint the facts as stated by the passengers are admitted by the Company but Mr. Campbell and the Captain informed us as the Committee have already been informed by the Company, that awnings and side screens are always spread in wet weather. These are not and cannot be expected to be altogether water tight. Again for absolute protection it would be necessary for all passengers to return to tween decks but the amount of baggage is said to preclude this being done.

(Sd.) MOTILAL VALLABHJI,

(Sd.) VITTHALDAS DAMODAR GOVINDJI.

Members.

J. K. MEHTA,
Secretary.

APPENDIX No. 31.

Cotton adultration in Surat District.

Castle, 3rd March 1919.

MIXING COTTON.

To the Editor of "The Chronicle."

Sir,—The Mixture of short stapled kapas in the Surat District is being carried on this season with impunity. About 18,000 bales in all have been pressed between the presses in Surat, Navsari and Bardoli till 20th instant and more than 4,000 bhars of kapas has already been imported from outside as under :—

(1) 1,000 bhars by rail at the following station amongst others:—

(*a*) Surat, (*b*) Sachin, (*c*) Vyara, (*d*) Panch.

(*a*) Part of the kapas has been imported for a local Mill but there is considerable doubt in the cotton circles if some kapas has not found its way to ginning factories which sell cotton.

(*b*) There is no gin at Sachin and kapas has been carted to Chalthan and Maroli from Sachin Railway Station.

(*c*) This kapas is said to be finding its way to Bodhan and Bardoli.

(*d*) This kapas is carted to Olpad and Randor about 10-12 miles away.

(2) More than 3,000 bhars of kapas has got into the District by carts and is said to have been distributed over several of the ginning factories right upto Navsari. The cost of such cartage is estimated at Rs. 10-12 per bhar.

The motive of this mixing is that such short stapled imported kapas is said to be yielding better out-turns. Genuine Surat District kapas yields a candy of cotton per 63-68 maunds of kapas. The imported kapas yields a candy of cotton per 48-55 maunds. The saving is between 80-120 rupees per candy of cotton. The main reason, of course, is that Mill buyers in Surat are lax in their selection and do not boycott ginnig factoris that are proved to have imported kapas.

The main loss, however, is to the agriculturist and it is the duty of Government to take prompt action forthwith if the staple of the Surat District is to be saved from ruin.

I would suggest the following :—

(1) Total prohibition of import of kapas by rail, the Railway being ordered not to book any kapas to stations between Ankleshwar and Bulsar.

(2) Strict instructions to Mamlatdars and Patels of respective villages to seize and pound kapas carts passing through their limits from outside.

These two precautions should be ordered to be taken immediately and the Collector or Surat should be asked to consult a small committee of representative gin-owners, buyers and sellers at Surat to dispose of complaints regarding breach of Government orders.

Unless action on these lines is taken *Immediately*, I have grave fears that the Surat cotton cultivator will suffer immense losses and the staple of the district will undergo severe depreciation. History will repeat itself in the Surat District as per records in the Kathiawar District about 15 years back. Will not the Bombay Government act at once and before it gets too late to remedy the evil which will be a sure and fatal blow to the agriculturists of the Surat District in addition to being ruination of the best staple of India ?

I am aware of the more difficult problem of preventing the sowing of ghoghari seed in the Surat District. Nothing but stringent legislative measures will check this and I am making a few necessary inquiries to put this part of the question before the Government of Bombay. In the meantime the other two remedies out-lined above require to be taken without delay.—Yours, etc.

PURSHOTTAMDAS THAKORDAS.

The Ahmedabad Millowners' Association.

Millowners' Association Rooms,
Shanti Sadan.
Ahmedabad, 18th March 1919.

Telephone No. 137.
Telegrams:
"MILLOWNERS," AHMEDABAD.

Mr. AMBALAL SARABHAI, *President.*
Mr. JAGABHAI DALPATBHAI, *Vice-President.*
Mr. GOVERDHAN I. PATEL, } *Joint Hony. Secretaries.*
Mr. PESTANSHAH N. VAKIL, }

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Dear Sir,

I have the honour to send herewith a copy of the resolution passed by the members of my Association assembled in Meeting:

"That the Ahmedabad Millowners' Association has read the letter contributed by the Hon'ble Mr. Purshotamdas Thakordas to the columns of the "Times of India," dated 27th February, regarding the adulteration of Surat Cotton and this Association is at one with Mr. Purshotamdas in the suggestions embodied in the letter and requests the Government to give effect to them.

That a copy of this resolution be forwarded to the authorities, also to the Bombay Millowners' Association, the Indian Merchants' Chamber and Bureau and to Mr. Purshotamdas Thakordas."

I have the honour to be,
Sir,
Your most obedient servant,
PESTANSHAH N. VAKIL,
Joint Honorary Secretary.

31*st July* 1919.

From
The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

To
The Secretary,
The General Department,
Government of Bombay;
BOMBAY.

Sir,

The attention of my Committee has been drawn to the greatly increasing evil of adulteration in cotton in the Surat District. It is feared that the Surat staple will get deteriorated

just as the Broach, the Caurani and other long staples have been, unless speady measures are taken to prevent such an adulteration. If such measures are not taken immediately it is apprehended that in about two years' time the genuine Surat staple may not be available in fairly large quantities. In this connection my Committee would like to draw the attention of the Government to the suggestions of the Indian Cotton Committee in its report which has been recently published.

It is necessary that no time be lost in giving effect to the suggestions of this Committee as far as transport of Kapas by rail is concerned. Whilst Government are making extensive experiments to grow long stapled cotton in areas giving short staple till now it must be their first duty to devise necessary precautions to prevent the existing long stapled area from deteriorating into one growing short stapled cotton specially if the latter can be avoided by measures that do not interfere with honest cultivators or traders.

It is understood that the Director of Agriculture held a meeting in Surat about last May when the Merchants as a whole agreed to support the Agricultural Department to this end and it is now for Government to put before the commercial community the measures that will effectively stop the danger that threatens the genuine Surat staple.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

APPENDIX No. 32.

Railway Concessions.

17*th July* 1919.

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary,

The Commerce & Industry Department,

Government of India,

SIMLA.

Sir,

The attention of my Committee has been drawn to the increased rates for railway fares which are in force since June 1917. The increase was effected for all classes except the Intermediate as will be seen from the enclosure showing comparative Railway rates of the Great India Peninsula and Bombay Baroda and Central India Railway before June 1917 and at present. This action was taken at the time presumably because the object of both Railway Companies and Government was to curtail passenger traffic and also because the increased revenue was expected to meet the increased expenditure My Committee did not, at the time of this increase protest against it as they were averse to taking any action which might interfere with the prosecution of the War. Now however that the War has fortunately come to an end and though the pre-war conditions cannot be restored soon with the paucity of rolling stock etc. my Committee trust that looking to the great hardships these increased rates have specially on the poor and the middle classes Government will be pleased to have the rates

restored as far as possible to what they were before June 1917 for third class passengers. Though my Committee do not at present urge for a reduction for 2nd class passengers they take this opportunity to draw your attention to the fact that 2nd class accommodation is now largely availed of by the Indian Upper and Middle class community who find the present 2nd class rates somewhat excessive. My Committee do not at present ask for a reduction of rates for 1st class passengers who should continue to pay higher fares on the ground that first class fares in this country are comparatively lower than those charged in other countries for the highest class, taking into consideration the facilities and accommodation given. My Committee also suggest that facilities of return tickets for 1st and 2nd class passengers which were in vogue before the war should now be renewed.

My Committee beg also to suggest that the tax imposed on freight collected on Railway goods traffic in British India booked on and after the 1st April 1917 by means of a surcharge on goods traffic be now removed as it was distinctly understood to be a war measure.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

No. 117 T/17

SIMLA,
Dated the August 1919.

To

The Secretary,

Indian Merchants' Chamber and Bureau,
Old Telephone Buildings,
19, Bank Street, BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter dated the 17th July 1919, to the address of the Secretary, Government of India, Commerce and Industry Department, and to state that owing to the depletion of railway resources and the time it will take to replenish them, the Railway Board cannot, at present see their way to asking railways to revert to the pre-war fares. The question will, however be considered by railway administrations, when they meet in conference next October.

2. As regards the surcharge levied on goods traffic, I am to say that although the tax was imposed, primarily, as a war measure, it is not yet possible to say when it will be removed.

I have the honour to be,
Sir,
Your most obedient servant.
S. D. MANSON,
Asstt. Secretary, Railway Board.

APPENDIX No. 33.

Inland Parcels Rates.

MYSORE CHAMBER OF COMMERCE

Bangalore 2nd April 1919.

From

W. C. ROSE, Esquire,

Chairman, the Mysore Chamber of Commerce, Bangalore.

To

THE SECRETARY OF THE GOVERNMENT OF INDIA,

Department of Commerce and Industry, Simla.

Sir,

The attention of the Committee of this Chamber has been drawn to the very large increase since the 1st November 1918 in the Postal Rates for Inland Parcels, amounting to 100 per cent. in the case of parcels of 40 tolas up to 440 tolas in weight the rates for parcels of greater weight remaining unchanged. This serious increase falls very heavily on residents in the mofussil, who are compelled to secure their weekly or monthly requirements by means of the Parcel Service.

Presumably the increased rates were intended as measure of War Finance and restrictions to carriage of goods, but in view of the cessation of hostilities and the continuance of high prices for commodities of all kinds, my Committee trust that you will be able to see your way to make representations to the Government of India for a return to the original rates as on 31st October 1918, and thereby give relief to a large number of people who reside away from commercial centres. The increased rates fall heavily, especially on small consignments of medicines, and other necessaries for invalids and infants.

I have the honour to be,

Sir,

Your most obedient servant,

For the Mysore Chamber of Commerce.

(Sd.) W. C. Rose,

Chairman.

Memo No. 14.

Mysore Chamber of Commerce,
Bangalore, 5th April 1919.

Copy of the above is forwarded with compliments to all Chambers of Commerce and other Associations in India, with a request to support this Chamber's representations in the matter.

For the Mysore chamber of Commerce,

L. S. N. RAMAIYER,
Secretary.

28th April 1919.

From

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

To

The Secretary,
Government of India,
Department of Commerce and Industry,
SIMLA.

Sir,

I am directed by the Committee of this Chamber to support the representation addressed to you by the Mysore Chamber of Commerce requesting the Government of India to reduce the Postal Rates for Inland Parcels to what they were on the 31st October 1918. The increased rates press heavily on the public and as the War conditions no longer prevail the Government may well consider the advisability from the point of view of the public of bringing back the old level of rates.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

No. 3113.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

Simla, the 16th May, 1919.

From

C. G. FREKE, Esq., I.C.S.,
Under Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

With reference to your letter dated the 28th April 1919. I am directed to forward a copy of a Press Communique, dated the 26th April 1919, announcing a reduction in the rates for inland postal parcels with effect from the 16th May 1919, and to say that the Government of India, after careful examination of all the circumstances, are unable to consider any further reduction at present.

I have the honour to be,
Sir,
Your most obedient Servant.
C. FREKE,
Under Secretary to the Government of India.

GOVERNMENT OF INDIA,

DEPARTMENT OF COMMERCE AND INDUSTRY.

Simla, the 16th April 1919.

PRESS COMMUNIQUE.

With reference to the Press Communique dated the 24th September 1918, the Government of India have decided that,

with effect from the 16th May 1919, the rates for inland postal parcels should be reduced as follows:—

PRESENT RATES.

(1)	Parcels not exceeding 20 tolas in weight	2 annas.
(2)	Parcels exceeding 20 tolas but not exceeding 800 tolas in weight.	4 annas for every 40 tolas or fraction thereof.

REVISED RATES.

(*a*)	**Parcels not Exceeding 440 tolas in weight.**	
(1)	Parcels not exceeding 20 tolas	2 annas.
(2)	Parcels exceeding 20 tolas but not exceeding 40 tolas	3 annas.
(3)	For every additional 40 tolas or fraction thereof.	3 annas
(*b*)	**Parcels exceeding 440 tolas but not exceeding 800 tolas in weight.**	
(1)	Parcels exceeding 440 tolas but not exceeding 480 tolas	3 Rupees
(2)	For every additional 40 tolas or fraction thereof	4 annas.

True Copy,
R. GANTAN,
Superintendent,
Department of Commerce and Industry.

Appendix No. 34.

Control of Trade Food Stuffs.

Bombay 24th March 1919.

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary,

Revenue and Agricultural Department,

Government of India,

SIMLA.

Sir,

The attention of my Committee has been drawn repeatedly to the sufferings and hardships of the general public alleged to be due to the system of control exercised by the Government over movements of foodstuffs and their operations. The chief grievances are :—

(1) Prices of foodstuffs have risen up tremendously high above not only the pre-war prices but also prices prevailing last year.

(2) There is a great difficulty in moving goods on Railways even though there may be priority certificates.

(3). while it is said that there is a great scarcity of waggons to carry all the traffic offered to Railways resulting in acute distress in several parts of the country, we find non-food stuffs substances like cotton and linseed coming in large quantities to Bombay. The present situation in Bombay is

extremely grave and my Committee fear that unless immediate steps are taken to ease it will become worse. In this connection my Committee will be greatly obliged if you will inform them of the following particulars :—

(*a*) What are exactly the countries to which rice has been allowed to be exported from Burma and wheat from Bombay on the ground of there being Indian population there ?

(*b*) What is the proportion of the Indian population to the population in such places ?

(*c*) What are the quantities of rice and wheat thus exported from India during the period of the Control ?

(*d*) What proportion of the total freight from Burma to India Ports is given for rice for the last few months?

(*e*) My Committee learn that exports of wheat and rice from Bombay to African and Asiatic Ports are made from the share allotted to it every month. As Bombay does not always get its full quota of the quantities allotted the result is that it does not get its requirements satisfied. Government will be pleased to inform the Committee if the deficit occuring in one month is made up in succeeding months. The allotment to Bombay is in the opinion of my Committee quite inadequate as may be judged from the continuance of high prices and must be at an early date increased. With regard to the inter-provincial Control my Committee feel that it is essential that even in respect of wheat, rice and gram, it should be greatly relaxed with a view to its ultimate abolition.

My Committee are given to understand that the actual cost of carrying rice from Burma to India amounts to no more than Rupees fifteen while the charges recently announced by the shipping Controller is Rupees thirty. Such a state of thing my Committee are compelled to say, is not creditable, looking to the severe famine conditions prevailing in this country.

The famine conditions should have warranted a total prohibition of the export of all foodstuffs from India including Burma long ago. Even now it is the sincere wish of my Committee to see the exports of all foodstuffs out of India totally prohibited. If the Government are of opinion that it is not too late to take such a drastic steps, it may be taken in view specially of the fact that all the other measures adopted upto now have altogether failed to relieve the situation.

I beg to remain,

Sir,

Your most obedient servant,

Sd/- J. MEHTA,

Secretary.

No. 430. F. S.

GOVERNMENT OF INDIA.

DEPARTMENT OF REVENUE AND AGRICULTURE.

(Foodstuffs.)

From

C. A. INNES, Esq., I. C. S.,
Joint Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
19, Bank Street,
BOMBAY.

Simla, the 16th April 1919.

Sir,

In reply to your letter of the 24th March 1919, regarding the export of foodstuffs from India and certain other questions arising out of the measures of control now exercised in India, I am directed to say that the export of foodstuffs from India has already been prohibited. Exceptions have been made from this prohibition only in respect of certain countries which, for the reasons explained in the Press Note issued on the 17th December last, are recognized to have a special claim on India. From this Press Note you will see that exports to these countries have been limited to a proportion of their average shipments. Under these orders rice is exported from Bombay only to Aden, Persia, Seychelles and certain parts of Africa and Arabia. The quantity which may be exported to these countries has been limited to the small quantity of 30,000 tons per annum.

2. The Government of India are in constant communication with the Government of Bombay regarding the imports of rice from Burma into the Bombay Presidency. Subject to the exceptions mentioned above, the whole of the rice crop of Burma is being conserved for the needs of India, and special measures of control have been taken of the shipping in Indian waters, in order to secure that as much of the crop as possible may be imported into India. Scarcity of tonnage has prevented the Government of India from conveying as much rice to Bombay as they had hoped, but a special effort is being made to make up the deficiency in the months of April and May.

3. The Government of India note the views of the Indian Merchants' Chamber and Bureau regarding the existing rates of freight from Burma to India, and the control over the movements of wheat, rice and gram in India.

I have the honour to be,
Sir,
Your most obedient servant,
C. A. INNES,
Joint Secretary to the Government of India.

5th May 1919.

From
The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

To
C. A. INNES, Esquire. I. C. S.,
Joint Secretary to the Government of India,
Department of Revenue and Agriculture.
(Food Stuffs.)
SIMLA.

Sir,

I am directed by the Committee of this Chamber to acknowledge receipt of your letter of the 16th April 1919 No. 430 F. S. and to thank you for the information contained therein. It is

stated in your letter that rice is exported from Bombay only to Aden, Persia, Seychelles and certain parts of Africa and Arabia that the quantity which may be exported to these countries has been limited to the small quantity of 30,000 tons per annum. It appears from the Sea-Borne Trade returns for the month of March 1919 that exports of rice in large quantities were made to countries not included in those mentioned in your letter. My Committee will be much obliged to have an explanation of these exports, which would seem to suggest that rice was being exported to foreign countries in much larger quantities than what was fixed as the limit per annum. There is no mention in your letter as to whether food-stuffs other than rice are subject to the same prohibition as rice. It is presumed that the quantity of 30,000 tons mentioned in your letter applies to rice only. If so informntion relating to the quantity allowed for annual export in the case of food-stuffs other than rice and countries to which they have been exported will prove to be useful and may kindly be supplied to this Chamber.

I beg to remain,

Sir,

Your most obedient Servant,

J. K. MEHTA,

ecretary.

Simla, the 12th May 1919.

No. 547-F. S.

GOVERNMENT OF INDIA.

DEPARTMENT OF REVENUE AND AGRICULTURE.

(Foodstuffs Branch.)

From

G. S. HARDY, Esq., I. C. S.,

Deputy Secretary to the Government of India,

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter dated 5th May 1919, regarding the export of foodgrains from Bombay I am to say that the Sea-borne Trade monthly returns contain no information as to the destinations to which rice is exported from Bombay. I am, therefore, unable to accept the statement made in the third sentence of your letter.

2. Any information you may require regarding the restrictions on export of foodgrains generally from Bombay can be obtained from the Collector of Customs at that port.

I have the honour to be,

Sir,

Your most obedient Servant,

G. S. HARDY.

Deputy Secretary to the Government of India.

APPENDIX No. 35.

Double Income Tax.

The Indian Merchants' Chamber and Bureau.

No. 1237-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

From

E. N. BLANDY, Esquire. I. C. S.

Under Secretary to the Government of India.

To

All Local Governments and Administrations.

All Chambers of Commerce.

Simla, the 19th May 1919.

Sir,

In continuation of my letter No. 1057-F., dated the 22nd April 1919, I am directed to attach ~~for the information of the Local Government~~ / ~~for your information~~ / for the information of your Chamber. a statement showing the principal classes of cases to be considered in connection with the question of double income-tax.

I have the honour to be,

Sir,

Your most obedient servant,

E. N. BLANDY,

Under Secretary to the Government of India.

The attached statement shows the principal classes of cases to be considered in connection with the question of double-income-tax.

2. It may be noticed that a resident in India cannot claim abatement or relief in respect of income which he receives from the United Kingdom unless he come within the proviso to section 26 of the United Kingdom Income-tax Act, 1918.

3. In all cases mentioned in the attached statement, the income-tax paid in India is allowed as a deduction in calculating the amount of income for taxation purposes in the United Kingdom.

4. Under Section 55 of the United Kingdom Income-tax Act, 1918, the tax paid in India on any income also taxed in the United Kingdom is repaid, but so that the tax paid in the United Kingdom is not less than 3*s.* 6*d.* in the pound.

Serial No.	Resident in the United Kingdom.	Resident in India.	India. Tax charged on	United Kingdom. Tax charged on	Reference to United Kingdom Income-tax Act, 1918.
1	Rents from houses and land in India.		Total rents ...	Total rents ...	Schedule D. Case V. Rule 1.
2		Rents from houses and land in the United Kingdom.	Remittances ...	Total rents ...	Schedule A. No. VIII. Rule. 1.
3	Occupying land in India if control and management in the United Kingdom.		*Nil* ...	Total profits ...	Schedule D. Case 1.
	Occupying land in India in control and management not in the United Kingdom.		*Nil* ...	Remittances ...	Schedule D. Case V, Rule 2.
4		Occupying land in the United Kingdom.	Remittances ...	Total profits ...	Schedule B.
5	Income from Indian public revenue.		Total income ...	Total income ...	Schedule D. Case IV. Rule 1.
6		Income from the United Kingdom public revenue.	Remittances ...	Total income except where not taxed.	Schedule C, and Section 46.
7	Trading profits from India if control and management in the United Kingdom.		Total profits ...	Total profits	Schedule D. Case I.
	Trading profits from India if control and management not in the United Kingdom.			Remittances ...	Schedule D. Case V. Rule 2.
8		Trading profits from the United Kingdom.	Remittances ...	Total profits ...	All Schedules, Rule 6.
9	Employed by firm in India.		Total salary ...	Total salary ...	Schedule D. Case 2.

Serial No.	Resident in the United Kingdom.	Resident in India.	India.	United Kingdom.	Reference to United Kingdom Income-tax Act. 1918.
			Tax charged on.		
10		Employed by firm in the United Kingdom.	Remittances ...	*Nil* ...	
11	Employed by Public Department in India.		At present exempt.	Total salary ...	Schedule E. Rule 6.
12		Employed by Public Department in the United Kingdom.	Remittances ...	Total salary ...	Schedule F. Rule 18 (2).
13	Interest on securities from India.		Total interest...	Total interest	Schedule D, Case IV, Rule 1.
14		Interest on securities from the United Kingdom.	Remittances ...	Total interest	Schedule A, No. VIII, Rule 4. Schedule C. All Schedules, Rule 19.
15	Other interest or annual payment from India.		*Nil* ...	Total interest	Schedule D, Case III, Rule 1.
16		Other interest or annual payment from the United Kingdom.	Remittances ...	Total interest	All Schedules, Rule 19.
17	Dividends on stocks and shares from India.		Total dividends	Total dividends	Schedule D, Case V, Rule 1.
18		Dividends on stocks and shares from the United Kingdom.	Remittances ...	Total dividends	All Schedules, Rule 20.
19	Wife resident in the United Kingdom, husband in India. remitting to her income from property in India.		Total income of husband.	Remittances ...	All Schedule, Rule 16 (2).

No. 1057. F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 22nd April 1919.

From

E. N. BLANDY, Esquire, I. C. S.,
Offg. Under Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

I am directed to invite your attention to a Reuter's telegram dated the 27th March 1919 on the subject of the appointment of a Royal Commission to enquire into the income-tax laws. The telegram ran as follows:

"London March 27th. In House of Commons Chamberlain announced appointment of Royal Commission to enquire into income tax laws. He stated that commission would confer with financial representatives of Dominion Governments ragarding double income tax before any definite decision was reached in the matter."

2. The Government of India have already represented to the India Office the necessity for taking steps to ensure that due regard is paid to Indian interests. I am to ask that if there are any matters relevant to this question to which your Chamber.....attaches importance, these may be

brought to the notice of the Government of India with the least possible delay so that they may have the material to justify the claim that in this matter India should receive at least as much consideration as the Dominions.

I have the honour to be,
Sir,
Your most obedient servant,
E. N. BLANDY,
Offg. Under Secretary to the Government of India.

Bombay, 16th June 1919.

From

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

To

E. N. BLANDY, Esq., I. C. S.,
Offg: Under Secretary to the Government of India,
Finance Department,
SIMLA.

Sir,

With reference to your letter of the 22nd April 1919 No. 1057 F. I am directed by the Committee of this Chamber to send their views hereby regarding Income-Tax Laws.

2. The system in vogue at present requiring Companies working in Great Britain and colonies to pay Income-Tax at both the places is not at all fair and is calculated to retard the intercolonial trade within the Empire, the development of which is the object of all concerned.

3. My Committee think that it should be provided that Companies or individuals should be required to pay Income-Tax only in countries where they are actually working. Sir C. Macleod has rightly stated before a meeting of the Royal Commission on Income-Tax that the double Income-Tax reacts adversely upon the Indian Exchequer and retards the development of India's natural wealth and staple industries. The statement made by Mr. Bonar Law while Chancellor of the Exchequer that "the double Income-Tax system ought not to continue an hour longer than the end of the War" was unqualified in form. There is also on record the significant admission made by Mr. Chamberlain when Secretary of State for India two years ago at the Imperial War Conference that "in his own interests the British Chancellor of the Exchequer must review the matter now." My Committee beg therefore to represent with all the force at their command that the system of double Income-Tax should be put an end to.

4. The curious anomaly which has been created in connection with the Indian Excess Profits Tax Act, is an indirect result of the system of double Income Tax. Section IV schedule I provides that any business which is liable to pay in respect of the accounting-period Excess Profits duty in the United Kingdom will be exempted from the opration of that Act in India. My Committee pointed out at the time that Bill was sent to them for opinion that such an exemption was unjust and unfair and deprived India of a large portion of her legitimate revenue. The solution of all these difficulties will be reached only when it is recognised that an individual should be required to pay Tax on his income in countries where he has earned it.

5. Instances have come to the knowledge of my Committee of alien firms having agencies in India and doing a large import and export business in this country but at the same time showing practically the whole of their profits as having being

earned in their own country and thus escaping payment of Indian Income-Tax. They therefore recommend that steps should be taken to ensure that alien firms do not escape with a lighter taxation than British and Indian firms trading in India.

6. In connection with the cases sent with your letter of the 19th May 1919 No. 1237 F. I am directed to give below the opinion of my Committee regarding some of them.

1. The tax in this case should be chargeable only in India.

2. The tax in this case should be made payable to the British Treasury only.

3. The present system is manifestly unfair to India and the unfairness should be removed by making the tax payable to India only in both the cases.

4. The tax should be made payable to the British Treasury only.

5–6. If these clauses refer to pensions, then the tax must be paid in the country from which the income is earned irrespective of the residence of the earner.

7. The tax on these profits must be paid to the Indian Treasury or secured by Indian Revenues by adjustment with the English Treasury, in both the instances mentioned in this case.

8. The Tax in this case must be paid to the British Treasury.

9. There is no reason why the Tax on this salary should be levied both in India and the United Kingdom. If the tax has to be paid by the earner it should be paid in the United Kingdom; but if it is to be paid by the firm it should be paid in India.

12. The Tax must be paid in this case to India only.

13. Charging Income—Tax both in India and in England on interests on securities in India in the possession of a resident in the United Kingdom will mean so much less popularity for the Indian Government Paper as every one wanting to leave India and to settle in the United Kingdom will try to dispose of his securities before he leaves India in order to save himself from the payment of double Income—Tax. It will also operate in checking the tendency of British investors to invest in Indian Government securities. Income-Tax must therefore be charged in this case only in India.

14. Income-Tax in this case should be paid only to the British Treasury.

15-16. My Committee presume that insurance annuities and similar payments are meant by "other interests or annual payment from India." If so, the tax should be made payable in the country in which it is earned.

17-18. The arguments advanced with regard to case No. 13 apply also in this case. The incomes must be charged at the same rate. People in the United Kingdom would not like to invest in Indian shares and stocks when they have to pay double Income-Tax, and vice versa.

The tax should be levied in India.

7. My Committee beg also to recommend that the 1st part of section 52 which runs as follows should be repealed:— "no suit shall lie in any Civil Court to set aside or modify any assessment under this Act." Under the Indian Income-Tax Act of 1918 there is an appeal from the Collector of Income-Tax to the Commissioner of Income-Tax who is always the Collector of Bombay for the time being. The decision of the Commissioner of Income-Tax is subject to revision by the local Government. This necessitates a memorial or petition to the Governor

in Council which takes a long time to secure a decision. A still worse state of things prevails in the mofussil where the Collector of Income-Tax is the Deputy Collector of the District and the Commissioner of Income-Tax is the Collector of the District. From this Commissioner an appeal lies only to the Governor in Council. Consequent on the ignorance and backwardness of the people in the mofussil, many of them are not able to resort to such a course at all. Of those that do appeal, very few, my Committee understand, are successful, owing to the requirement of such an appeal being made in writing only and the inability of the applicant to be heard in person or by his legal advisor. It is owing to such a state of things that my Committee beg to urge the repeal of the 1st part of section 52 which bars the jurisdiction of Civil Courts with regard to Income-tax matters. It is not necessary to point out here that Indian people have a firm faith in British justice and that if Income-Tax matters are brought within the jurisdiction of Civil Courts, it will give the much needed assurance to the public that questions of Income-Tax will be dealt with in a fair and equitable manner. My Committee are in entire agreement with the observation of the Committee of the Bombay Chamber of Commerce made in their representation of the 25th June 1917 No. 791/78/1 of 1917 that neither an officer of Government, nor Government itself is the proper party to adjudicate upon the liability of a member of the public to pay tax to Government.

I beg to remain,

Sir,

Your most obedient servant,

Sd/ J. K. MEHTA,

Secretary.

APPENDIX No. 35.

Indian Currency Committee.

No. 1189. F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 9th May 1919.

From

The Hon'ble Mr. H. F. Howard, C. S. I., C. I. E., I. C. S.,
Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed to inform you that the Secretary of State has decided to appoint a Currency Committee to advise him as to the future exchange and currency policy of the Government of India. It is expected that the constitution of the committee and the terms of reference will shortly be announced. Your Chamber are however no doubt aware of the main problems which will come under consideration.

2. The Government of India will be glad to know whether your Chamber as body desire to forward a written statement of their views, or to tender evidence through a representative witness or whether any member of your Chamber desires to do so in his individual capacity. The present intention is that the committee should be a small expert body, and the number of witnesses whom they are likely to desire to examine personally

will therefore probably be limited. While, therefore, the Government of India will forward at once the names of all persons desiring to give evidence, they are not in a position to give any promise that any intending witness will necessarily be heard in person by the Committee.

I have the honour to be,
Sir,
Your most obedient servant,
H. F. HOWARD,
Secretary to the Government of India.

No. 1368. F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 30th May 1919.

From

A. V. V. AIYAR, Esq., B. A., C. I. E.,
Asstt. Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

In continuation of Mr. Howard's letter No. 1189. F., dated the *9th May* 1919 regarding the appointment by the Secretary of State of a Committee to advise him as to the future exchange and currency policy of the Government of India, I am directed

to enclose, for the information of your Chamber, a copy of two Press Communiques announcing the composition of the Committee and the terms of reference thereto. As intimated in the first communique, any communications relating to the business of the Committee should be directed to the Secretary to the Government of India in the Finance Department.

I have the honour to be,
Sir,
Your most obedient servant,
A. V. V. AIYAR.
Asstt. Secretary to the Government of India.

PRESS COMMUNIQUE.

Simla, the 29th May 1919.

The Government of India have been informed by the Secretary of State that the constitution of the Indian Currency and Exchange Committee will be as follows:—

Lord Chalmers, G. C. B.,
Sir Henry Babington Smith, K. C. B.,
Sir James Brunyate, K. C. S. I.,
Sir Marshall Reid,
Mr. F. C. Goodenough,
Sir C. Needham,
Sir Charles Addis,
Mr. Dadabhoy Merwanji Dalal,
Sir Bernard Hunter,
Mr. T. McMorran,
Mr. M. M. S. Gubbay, C.S.I., C.I.E.,

2. The terms of reference to the Committee will be published as soon as these are received from the Secretary of State.

3. Communications relating to the business of the Committee should, if made in India, be directed to the Secretary to the Government of India in the Finance Department, and if made in England to the Secretary of the Indian Currency and Exchange Committee at the India Office."

With Financial Secretary's Compliments.

PRESS COMMUNIQUE.

Simla, the 30th May 1919.

The Secretary of State is announcing today that the terms of reference to the Indian Currency and Exchange Committee are as follows.

"To examine the effect of the war on the Indian exchange and currency system and practice and upon the position of the Indian note issue, and to consider whether in the light of this experience and of possible future variations in the price of silver, modifications of system or practice may be required; to make recommendations as to such modifications, and generally as to the policy that should be pursued with a view to meeting the requirements of trade, to maintain a satisfactory monetary circulation and to ensuring a stable gold exchange standard."

29*th May*, 1919.

To

The Secretary,

The Finance Department, Government of India,

SIMLA.

Dear Sir,

I beg to confirm hereby the telegram sent by me to-day as noted below :—

"Finance Simla Please inform when witness for Exchange Committee Expected to be in London. Mehta Secretary Indian Merchants Chamber."

Yours faithfully,

J. K. MEHTA,

Secretary.

5*th June* 1919.

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary,

The Finance Department, Government of India,

SIMLA.

Dear Sir,

A telegram was sent to you on the 29th May 1919 inquiring when the witness for the Currency Committee is expected to be in London. An early reply to this is solicited in order to enable my Committee to arrive at a decision regarding their representative before the Currency Committee.

You will also kindly let my committee know what facilities will be offered to their representative in the shape of passage etc. and what proportion, if any, of the expenditure for the passage and stay in England will be borne by the Government.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

No. 1469. F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 11th June 1919.

From

E. M. COOK, Esq., C. I. E., I. C. S.,
Offg. Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
Old Telephone Buildings,
19, Bank Street, Fort,
BOMBAY.

Sir,

I am directed to invite a reference to the second paragraph of your letter of the 5th June regarding the tendering of evidence before the Indian Currency and Exchange Committee, and to say that the Government of India do not propose, on

this occasion, to invite witnesses from this country to give evidence before the Committee. But in the case of your Chamber, should the Committee desire to send a representative to give oral evidence, and are willing to bear the expenses in connection with the journey, the Government of India will recommend to the Currency Committee that such representative be heard. Meanwhile, I am to suggest that any memorandum which your Chamber desire to place before the Committee may be sent to the Government of India, who will at once forward it to England.

I have the honour to be,
Sir,
Your most obedient servant,
E. M. COOK,
Offg : Secretary to the Government of India.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Tele. Address :—"INCHAMBU."

19, Bank Street, Fort,
Bombay, the 26th June 1919.

From

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

To

The Secretary to the Government of India.
Finance Department,
BOMBAY.

Sir,

With reference to your letter No. 1189 F of the 9th May 1919 I am directed by the Committee of this Chamber to send hereby their views regarding the Exchange and Currency questions for submission to the Currency Committee appointed by the Secretary of State for India.

II. My Committee are strongly of opinion that fixity of exchange within the gold points is highly desirable. Since 1893 the exchange policy of Government has several times fluctuated to the great detriment and loss of the producers in this country and has placed Indian Industries at a great disadvantage because of the indirect support the raising of exchange has given to imports. The commercial community has time after time pressed upon the attention of the Government the extreme desirability of putting a stop to these fluctuations and to establish conditions which will secure a stable exchange without which the mercantile community would not be in a position to regulate its transactions. My Committee are aware that the present raising of exchange of 1 s. 8 d. has been due to the abnormal prices of silver and to the alleged *inability* of the Government to suffer loss continually on the issuing of silver rupees at the price of 57 and 58 pence per ounce of silver. Merely the raising of exchange by a penny or two is however only a palliative calculated to tide over the difficulties for a time and is not in the nature of things a measure which will permanently solve the difficulties of the situation. My Committee suggest, therefore, after careful consideration, for purposes of easing the difficulties of internal circulation, the introduction of a coin of the value of say Rs. 2/- or 3/- as token coin with so small a percentage of silver that there may be no appreciable loss even when silver is at 70 d. and Government may be able to issue coins to any extent. It is only after serious consideration of the whole question that my Committee have suggested such a radical measure as they have come to the conclusion that to meet the present critical situation this would be one of the best remedies that can be thought of. To go on under the present circumstances without adopting any such measure will mean merely propping up a situation by unnatural manipulations of exchange disastrous in the interests of the country at large. The increase in circulation of rupees has recently been great owing, among other causes, to the increase of population and trade and the rise of prices coupled with

restrictions on the transport of cash in silver. The rate of increase in the internal circulation of rupees has been so great that unless a measure on the lines recommended by the Committee as above is adopted, and that soon, the demand for silver coin will be still greater and the Government will be forced to purchase silver even at 60 and perhaps 70 d. On the other hand a mere talk of the introduction of a new token coin with a very small amount of silver will have quite a salutary effect on the problem as the silver producers and the silver manipulators would know that they could no longer force the hands of the Government of India, hitherto the largest purchaser of silver in the world. It may be confidently expected that prices of silver would be easier immediately on such an announcement. My committee are however conscious that in a measure of such an exceptional character there may be numerous difficulties owing to the general ignorance of the poublic on currency matters. The whole programme for introducing this measure should therefore be thought out by the Government and the machinery explained to public bodies whose co-operation should be secured by every means such as was employed for raising loans during the War. Without fullest and frank public co-operation such a measure can only prove failure.

III. If this step is taken, my Committee would like the Government to go back as early as possible to the exchange rate of 1/4 d. and to reach by every effort natural conditions under which the exchange rate would be maintained within the gold points. The greatest security for such maintenance is in a broad basis of banking enterprise in the country supported at the top by a central national bank which would keep a central banking and currency reserve. Such a bank with a head office in India would be under the moral influence of Indian financiers and businessmen and as early as possible the Secretary of State should see his way to get out of the management of the exchange and to leave the management in the hands of an institution of this kind capable of guarding Indian interests. My

Committee feel very strongly the evils of a 'managed' system in which all the defects of red tape are inevitable. These evils are, in the case of Indian currency and exchange, intensified by the pressure of London financial interests, not always to the advantage of this country. It is impossible to countenace, except when it is absolutely inevitable, the continuance of a system in which the controlling power lies not with those who live in India and who are directly concerned in the matter but with those who try to manage things from the standpoint of the London money market, the English Treasury and English financial and commercial interests.

The suggestion that the Secretary of State for India should come into the field of Indian exchange and currency management because of India's obligations in respect of political services, railways, etc., is untenable, since the Secretary of State could still draw as much money as is required for his purposes through the Central Bank suggested hereafter. The entire management of Council Bills should, in our opinion, pass out of the hands of the Secretary of State and be placed with the central bank with head office in Bombay and with a Board on which Indians should not form a minority.

IV. There is no doubt that currency notes have increased in popularity during recent years. But in view of the fact that the poor and the ignorant have often been charged discount for the encashment of these notes, much remains to be done in the direction of removing some of the inconveniences and difficulties which prevent the currency of notes being welcomed in the rural districts by the masses. The withdrawal of extra-legal cashing facilites at District treasuries enjoyed by the public for many years before the outbreak of the war has been to a large extent responsible for much of the prejudice which exists against currency notes. These facilities should now be reinstated and if necessary further arrangement should be made at post offices for cashing currency notes and getting small change

which is the real necessity to poor people in the mofussil. Taluka Cutcheries should also give facilities for cashing currency notes.

It need not be pointed out with regard to small change that in a poor country like India there is a great need for coins of small denomination freely issued to the public as the purchases of individuals are small and are in many cases far below even a rupee. Apart from free issue of small coins, attempt must be made to keep these in parity with the standard viz. the sovereign.

V. It would also be desirable in the opinion of my Committee to issue currency notes against the backing of gold exclusively. The circulation of actual gold coins is against the accepted feeling amongst currency authorities everywhere. The demand for a gold mint and actual gold in circulation in India is based on the assumption that the establishment of gold standard and of natural conditions of exchange refered to above, depend upon actual gold in circulation, but it would be pacified very largely by the acceptance of the suggestion in regard to gold notes. The circulation of gold notes would be helpful because, while for normal times these notes would be popular and would be largely in circulation their encashment in gold being guaranteed, the gold reserve against them could however be utilized by an extraordinary order-in-council in times of internal or external crisis by the central bank.

Further, there is no likelihood of all the notes being presented at any particular time and gradually the fiduciary element may be increased with great advantage to everyone concerned. In this connection my Committee feel that the suggestion for premitting recognized banking institutions to issue notes side by side with Government notes is one which deserves consideration and may be examined. These notes may possibly be more popular than the Government currency notes and may induce many banks to open branches where they have none at present.

VI. The point which my committee desire most to urge is the penalising of Indian exports by the raising of Exchange and the undue advantage which it gives to imports from foreign countries. The indigenous producer is very hard hit on account of this arrangement at a time when he is least able to withstand the strain. Under the circumstances, my Committee would suggest the imposition of a counter-vailing duty on all imports into India so long as, by causes which cannot be helped, the exchange has to be maintained at a level above 1/4d. My Committee feel that it is not with any desire to give any special encouragement to Indian producers, but strictly with a view to restore equitable conditions in regard to foreign competition that this levy should be put. They are aware that there would be an outcry against a suggestion of this kind, which seems to them most fair and which, while avoiding all the complications in regard to the settlement of exchange, is an issue quite apart calling forth immediate action on the part of Government. They cannot help feeling that there would arise a very great grievance among Indian commercial circles and a sense of very keen disappointment if nothing is done in this direction. It is impossible for Indian producers to countenance arrangements by which their calculations may be upset and find the Government unwilling to take some Immediate measure, drastic as it may appear, for relieving them. My Committee cannot overlook the extraordinary and, as it appears to them, unfair agitation, which was set up in Manchester when a small differential duty giving an advantage of only 4 % to Indian Textile Manufacturers was levied under war conditions of an extraordinary character. While unwilling, therefore, to embarass the Government with any serious agitation of this kind, it is the reasoned opinion of my Committee that only a step in this direction levying an import duly of 25 % would cause general satisfaction amongst Indian commercial circles.

VII. The use of credit instruments in the form of cheques is still to be made popular in India and for this purpose

my Committee would strongly recommend the abolition of one anna stamp duty on cheques which has, among other things, come in the way of this form of credit instruments helping to economise the general currency as it has done in several countries in Europe and America.

VIII. All these problems are inter-connected with the banking problem of this country, which can be briefly characterised as a paucity of banks. This itself, is accountable for the so called hoarding if any exists, at the tendency to hoard arises simply because people do not have near at hand a convenient agency which will keep their money on deposit and turn them to good account.

In so far as the exchange situation is the result of the large demand for silver coin which has sent up silver prices, it is the opinion of my Committee that the existing currency in India is not fully used owing to lack of the necessary banking machinery. What is called hoarding is not hoards of wealth but currency which is used only seasonally and kept during slack period in private vaults in silver. The only radical solution is therefore to strengthen the banking institutions of the country. In a small country like France, the Central Bank has more than 500 branches. In the Bombay Presidency, an equally large area, the Presidency Bank has only about 14 branches.

Presidency Banks have hardly begun to realize the beneficent effects of the policy of opening more branches but the number of these branches is still small looking to the requirements of the country. Presidency Banks and Exchange Banks again have not been able to win the confidence of the Indian people owing to the lack of sympathy with the latter shown by their refusal to have Indians, however influential and wealthy, on the Boards of Directors except to a certain extent in the case of the Bank of Bombay.

IX. The goal of Government should, in the opinion of my Committee, to be reach by stages the establishment of a gold standard accompanied by a currency based on gold and it is therefore greatly regretted that the terms of reference to the Currency Committee mention as the specific object "strengthening of the gold exchange standard." The sovereign should be the unit of value and have a fixed relation to the rupee reduced to real tokens used in internal circulation and once the parity is established it should be maintained by all possible means.

X. Believing as they do that the gold exchange standard has proved from the beginning disastrous to the country and that in a gold standard only lies the salvation of the country, my Committee venture to give their views regarding some of the measures which are calculated when the suitable time arrives to make the gold standard a success in this country as it has been in others.

(1) Gold mint should be established in India on identical terms with those given to the British dominions. If the sovereign is not made the standard of India, India must have distinctive gold coin of her own, which should be minted free of cost without seignorage as is done in the United Kingdom and the United States of America.

(2) Public opinion in India demands that both the gold standard and the paper currency reserves should be entirely located in India. Government should publish every month a statement of interest secured on investments of treasury balances, paper currency reserves and gold standard reserve. it remains to be shown whether the cost of transport from India in case of an adverse balance would exceed the loss over a long period in interest on investments and indirect assistance to Banking of the country generally

(3) Council Bilis must be sold for stated amounts, so long as the natural conditions are not restored and so long as the Secretary of State feels the necessity of using the machinery of the sale of Council Bills for the management of Indian Exchange. The India Council in consultation with the Government of India should from time to time issue a programme of the amount of bills to be alloted at each sale. These bills must be sold to all the applicants. My Committee are surprised to learn that Banks with their Head offices in India like the Tata Industrial Banks, the Alliance Bank of Simla, the Central Bank of India and others are not in the Secretary of State's list for the sale of Council Bills.

(4) My Committee have felt for many years in the past that the method and manner of purchasing silver for Indian Currency purposes were not all that was desirable. In this connection they wish to endorse fully the remarks made by the Mr. Dadiba Dalal in his evidence before the Chamberlain Commission, which are reproduced here in extenso. (Vide Appendix A.) because the conditions have not materially altered in the opinion of my Committee, since these words were written.

What we want further to emphasise now is the need of strengthening the silver market in India and of utilizing the indigenous machinery which is available. India is the largest purchaser of silver in the world, and silver operations through the London money market have only strengthened the banking institutions of London. The time has now come to view these things more from the Indian standpoint, and the coutinuance of the old policy of silver purchase connot but be regretted as detrimental to the

growth of a vigourous silver market in Bombay which would if unhampered develop by its natural conditions and by the position which is occupied by India as purchaser of silver. The inviting of open tenders simultaneously in Bombay and London at stated intervals and for such quantities as can be ascertained in advance is a measure that must be immediately adopted. If these recommendations are given effect to, the cost to this country of silver purchase is bound to be reduced. All these improvements would in themselves allay many of the suspicious entertained by the Indian commercial circles, in regard to silver purchase operations.

XI. My Committee would also like to offer some other suggestions which they believe will prove useful in improving the working of the currency policy of the country.

(1) Government notes and Government bonds must be printed in India. The art of printing in India has now sufficiently developed to justify Government in having these printed in this country. This will make currency notes available whenever there is a great demand for them.

(2) The Presidency Banks must be induced to allow cheques written in vernaculars.

(3) My Committee would like here to urge the necessity for the establishment of a State Bank for India They venture to do so though this question does not directly come in the terms of reference as they believe that it connot be separated from the other questions which are referred to the Currency Committee. The experience of my Committee of financial conditions during the war leads them to pronounce strongly in favour of this scheme. India is entering

on a stage in her Industrial life when she requires great financial resources at her back for the industrial development of the country. For this, and for the purpose of proper management of currency, and exchange, a State Bank is urgently required. My Committee fear that this proposal will not have much support but will perhaps be confronted with the opposition of the three Presidency Banks of Bombay, Calcutta, and Madras. It should however be pointed out that these three banks have done very little for the cause of Indian Industries and the manner and extent of the support given by them to Indian commercial interests leave much to be desired. My Committee beg to point to the opposition of Calcutta and Madras Presidency Banks to having any Indian Director on their Boards. These Banks are receiving large amounts from Government without interest and it is but fair that they should be asked to look to Indian interests properly and to have an Indian element in their Directoate as recommended by the Indian Industrial Commission. My committee favour the establishment of a national central bank. They feel that the question cannot be solved by any departmental negotiations or conferences of bank agents. The question must be viewed from the larger standpoint and petty considerations should be eschewed. The Committee suggested by the Chamberlain Commission to consider the whole question of a State Bank should sit at once. In connection with this question of a State Bank it is interesting to learn that in the year 1912 the then Labour Government of Australia decided to start a Bank and did so with little paid up capital. Its capital consisted of its credit, that is the knowledge that it would

never fail to repay money entrusted to it because it had behind it guarantee of the whole people of Australia. In the six years that have elapsed since its foundation the Government has attracted to itself deposits aggregating to 70 million pounds sterling, whereas the other banks of Australia put together have deposits aggregating to about 176 milions. This State Bank has attracted to itself, therefore, really one third of the Banking business of the country.

(4) Office of the Controller of Currency or the Financial Secretary must be in Bombay, because :—

(*a*) Bombay has the largest number of banks.

(*b*) It is the principal buillion market in the East.

(*c*) It is the principal discount market.

(*d*) It is the seat of the largest number of Indian merchant—bankers.

(*e*) It has the largest circulation of currency notes.

(*f*) It has a gold mint.

It is noted with deep regret that the chief Financial Officers of the Government of India pay only flying vistits to such an important centre and do not evince any desire to understand first hand the feelings in Indian circles in such matters.

Further elucidation of the points herein mentioned would be given by the witness who will officially represent this Chamber before the Committee.

I have the honour to be,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

Appenidix A.—Extract from the evidence of Mr. Dadiba M. Dalal Re: Purchases of Silver.

81. In making the following suggestions and remarks about the purchase of silver, I do not wish to associate myself in any way with the criticism of last year's purchases. My brothers, who attend to the silver department of my firm, are of opinion that Messrs, Samuel Montagu and Co. executed the Goverment orders placed in their hands with tact, ability, and secrecy. Whatever remarks I make regarding the structural defects of the London silver market, as viewed from the point of India, do not refer to any particular firm or individual.

82. *London Silver Market.*—The Marquis of Crewe declarred in the House of Lords on 14th November 1912:—"Then the position as to the purchase of silver was made more difficult by the fact that there were only four firms in the City of London who acted as bullion brokers. The usual custom of the India Office had been to employ the Bank of England to arrange these purchases. The Bank had commissioned two particular firms of brokers of high standing, and intimated that if the purchases were made through the Bank of England again they would feel bound still to employ the same firms." All these firms referred to are "financially very powerful and hold the greatest silver monopoly known to the world; furthermore they act not only as brokers but also as dealers and merchants. Each day they meet and jointly declare the "fixing price" of silver.

83. *Indian Silver Markets.*—Dr. Henry Deutsch in his book on "Arbitrage" (1910 edition) states:—"The most important silver market in the world is Bombay, with which the "silver market in Calcutta cannot compete in the least." The European side of the Bombay "silver market is composed of nine powerful Exchange Banks, who employ lhree firms of brokers. On the Indian side are the principal joint-stock banks, 150 associated shroffs or merchant bankers, 15 bullion dealers, 11

dealers in cut bars and country silver and about 1,000 jobbers and speculators all of whom do business through some 100 Marwari brokers. The combined force of the different sections of the Bombay silver market is therefore considerable, the market is broad and natural, and there are no combinations or understandings amongst dealers or brokers. Besides Bombay, there are other silver markets in India, and there are several thousand money dealers all over the country who take a share in the distribution and operations in silver.

84. *Regular Purchases Desirable.*—The present frantic and unbusiness-like method of making intermittent purchases of silver should be abolished and the Indian Government should buy regularly in future to an extent to be defined in the Budget if any additional silver currency is required then it should have discretion to invite supplementary tenders.

85. *How to purchase India's Silver,*—The Government of India should direct the Mint Master of Bombay to invite tenders every fortnight for stated amounts of silver, and give the tenderers the option of delivering the bullion within 45 days from the date of the acceptance of the tender. This will place at the service of the Government of India any free silver that exists in the Bombay, Calcutta, London, New York, Paris, Amsterdam, Hamburg, Hongkong and Shanghai markets. Furthermore it will be an equitable arrangement in which the whole world can participate. The four London bullion firms have agents and correspondents in India through whom their tenders can come in, and if they elect to open offices in Bombay they are sure to receive a most hearty welcome from all sections of the money market. The advantage of regular purchases in Bombay will be that the Indian Government will not only secure silver at a reasonable price but also make their purchases at the average rate of the year and secure delivery at the very door of the mint.

86. *Opposition of the India Office.*—For the last 13 years the India Office has disapproved the purchase of silver in India by the Government. There is no explanation why 47,000,000*l.* were purchased exclusively in London when on several occasions large blocks could have been secured in the Indian markets.

87. *Duty on Silver.*—In the first and second paragraphs of my Statement VIII. on "How to abate India's demand for gold." I have referred to the silver duty and to the silver warehousing questions. The duty on silver is unfair and is resented by the merchants connected with the China trade as well as the bullion dealers and native bankers in India. It is my opinion that this duty should be abolished entirely, as it prevents an outflow of silver from India to the neighbouring silver centres of the Far East and gives the London silver market an unfair advantage over the Indian silver market.

APPENDIX No. 37.

Protest Against rise in Exchange.

The following telegram was sent to the Secretary Govt. of India Finance Department Simla.

16*th May*, 1919.

Committee of the Indian Merchants' Chamber view with serious apprehension the raising of the rates of exchange to 1s. 8d. Consequences of this policy prejudicial to Indian Export and Indian Commercial interests generally, which were referred to in committee's representation dated 4th October 1917, would be all the more damaging, now that European war is over and in the face of distress in the country and when the textile capacity of the people is fully exhausted. The desastrous effects of this step on staple Cotton industry and trade are already being felt.

Whatever impetus Indian enterprise was receiving, would be wiped out by the fillip given to imports and the policy advocated by the Indian Industrial Commission appears to be altogether reversed by this action. Even the high exchange does not on the other hand draw gold into the country owing to artificial restrictions. The committee cannot view the future with any assurance and pray for the immediate issue of a com munique explaining Government policy and the reasons which led to it. The committee hope that there will be representatives of Indian Commercial interest on the exchange committee.

Yours faithfully,
J. K. MEHTA,
Secretary.

22nd May, 1919

The following reply was received from the Secretary, Finance Department, Government of India, Simla to the Telegraphic representation sent by the Indian Merchants' Chamber and Bureau.

Your telegram dated 16th May. Rate of Exchange. Government of India fully appreciate temporary unsettlement which raising of Exchange Rate to one Shilling 8 Pence must cause. But your Committee will no doubt realise that it is impossible for Secretary of State to continue to sell rupees in India at considerably below their cost. Your Committee may rest assured that Government of India are most anxious to secure stability of exchange and that whole question will be comprehensively considered by coming currency Committee upon which an Indian representative will sit. Meanwhile terms of reference will be communicated to you as soon as received

from the Secretary of State and any representations your Committee may wish to submit with reference to my letter dated 9th May 1919 will be forwarded for currency Committees consideration.

J. K. MEHTA,
Secretary.

The following telegram was again sent to the Secretary.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Committee of the Indian Merchants' Chamber deeply regret, that a disturbance is again caused to trade and industry by raising exchange one shilling ten pence. The appointment of the currency Committee led the commercial community to hope that exchange would be allowed to remain stable till publication of their report. This has not been unfortunately done with the result that exporters and producers have to suffer serious losses. They beg to urge again that there should be no more fluctuation till the publication of the Report of the Currency Committee and request the Government to announce this temporary stability to the commercial community.

CHUNILAL MEHTA,
Chairman.

APPENDIX No. 38.

Railway Traffic between Bombay & Cawnpore.

UPPER INDIA CHAMBER OF COMMERCE.

Cawnpore,
13th May 1919.

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Dear Sir,

I am directed to forward, for your information, a copy of a letter which has been addressed by my Committee to the General Traffic Manager, Great Indian Peninsula Railway, with a view to the improvement of mail train communication between Cawnpore and Bombay.

My Committee trust that your Chamber will be able to address the G. I. P. Railway authorities in support of this representation.

Yours faithfully,
T. S. RYAN,
Secretary.

UPPER INDIA CHAMBER OF COMMERCE.

Cawnpore,
13th May 1919.

The General Traffic Manager,
Great Indian Peninsula Railway,
BOMBAY.

Dear Sir,

I am directed to draw attention to the present unsatisfactory train service between Cawnpore and Bombay.

Cawnpore is so closely related in its trade and business interests with Bombay that every facility should be afforded for

inter-communication and yet the two towns have, by reason of the deterioration of transit facilities over the G. I. P. Railway, been actually drawn further apart.

The Committee of the Chamber have recently been successful in inducing the authorities of the C. & R. Railway to speed up all the trains on the Cawnpore Branch, and they feel that the time has now arrived when the G. I. P. Railway should also effect a much needed improvement.

The Complaints against the service between Cawnpore and Bombay may be divided into two sections, first those against the very slow and intensely tedious journey between Cawnpore and Jhansi and second those against the mail train communications between Cawnpore and Bombay.

With regard to the first class of complaints it has been said that the journey by mail train from Cawnpore to Jhansi is so slow and so tedious as to appear longer than the whole of the rest of the journey to Bombay.

There are at present only two trains each way on the Jhansi Cawnpore Section for the conveyance of passengers, viz: a so-called "mail" and a "passenger." With the passenger train, intensely slow as it is, the Committee will not deal in this letter, but they would direct your attention to the urgent necessity for speeding up the mail trains.

The Lucknow Up Mail, No. 601, takes 5 hours 50 minutes between Jhansi and Cawnpore and another 1 hour 35 minutes between Cawnpore and Lucknow. This, my Committee consider, may, in to-day's circumstances, be a reasenable speed for a passenger train, but any train with the pretensions of a Mail should certainly not take more than 4¼ hours between Jhansi and Cawnpore and 1¼ hours between Cawnpore and Lucknow. No. 602 Down Mail takes 1 hour 36 minutes between

Lucknow and Cawnpore and no less that 6 hours 10 minutes between Cawnpore and Jhansi. The Down Mail should, my Committee consider, be similarly speeded up to a rate of not less than 30 miles per hour, including stoppages, (save that of 15 minutes at Cawnpore.)

Consideration of the wider Subject of Mail train connection between Cawnpore and Bombay brings into prominence two or three facts which afford food for reflection. As regards the "Up" journey from Cawnpore to Bombay, although this journey of 840 miles *via*; Jhansi by Mail actually occupies only 31 hours and 35 minutes it is possible in an emergency to reach Bombay sooner *via*; Allahabad and Jubbulpore, a journey of 963 miles involving 33 hours 36 minutes of actual travelling. This is due to the fact that whereas in travelling by the G. I. P. Railway *via*; Jhansi one leaves at 11—25 in the forenoon and arrives at Bombay at 7 o'clock the next afternoon, the E. I. R. route allows one to get away at 7 in the morning and reach Bombay at 4—40 the next afternoon. Although this journey is 123 miles longer it occupies only 2 hours and 3 minutes extra travelling and the time of arrival in Bombay is far more convenient.

In regard to the "Down" journey it is actually more convenient today for a business man to travel from Bombay by the B. B. & C. I. Railway to Delhi and thence by the E. I. Railway to Cawnpore, a journey of 1135 miles, with over 4½ hours stop at Delhi, than it is for him to travel 840 miles direct to Cawnpore *via* Jhansi. By the long circuitous route he will lose only one business day. leaving Bombay at 4 p. m. and arriving at Cawnpore at 9. 12 a. m. on the day but one subsequent, whereas by the direct route he must leave at 11 a. m. and will not arrive at Cawnpore until 6,39 p. m. the next day.

In the matter of mails, although Howrah is only 633 miles from Cawnpore whereas Bombay is 840 miles, the present timing and rate of running of the Mail train enormously increases the

advantage in favour of Calcutta. It is quite a usual thing for a business man writing to Calcutta to be able to obtain a reply in 60 hours, and in this time his correspondent in Calcutta has had the whole business day to consider and deal with his letter. In the case of Bombay, what with the late arrival of the Up Mail and the early departure of the Down, with its late arrival here, it is more usual for a reply to take 120 hours by the direct route, though this time is, in practice, improved on by the Postal authorities actually adopting the circuitous Delhi route in the case of Bombay letters posted too late to catch the 11 o'clock C I. P. Mail. In any case however it is impossible for a reply to reach in less than 96 hours.

These excessive delays must tend to act detrimentally to the interests of the C. I. P. Railway itself in particular, and of Bombay in general in diverting business relations to Calcutta and they certainly operate very injuriously against business interests in Cawnpore, and my Committee trust that it will be found possible at an early date to effect a complete readjustment so as to impose no handicaps on the relations of Cawnpore and Bombay other than are inseparable from their geographical situation.

Yours faithfully,

T. S. RYAN,

Secretary.

2*nd June.* 1919.

From

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The General Traffic Manager,

Great Indian Peninsula Railway,

BOMBAY.

Sir,

The attention of the Committee of this Chamber has been drawn to a representation addressed to you by the Secretary. Upper India Chamber of Commerce in the matter of the Mail train communication between Cownpore and Bombay. I am directed to inform you that my Committee are in full accord with the views informed therein and beg to support the representation of the Upper Indian Chamber of Commerce with a hope that the suggestions made therein will be adopted.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

Copy forwarded with compliments to the Secretary, Upper India Chamber of Commerce, with reference to his letter of the 13th May 1919.

J. K. MEHTA,

Secretary.

Upper India Chamber of Commerce.

Cawnpore. 6th June 1919.

The Secretary,

Indian Merchants' Chamber and Bureau,

19, Bank Street, BOMBAY,

Train Service between Cawnpore & Bombay.

Dear Sir,

I beg to thank you for your endorsement on copy of a letter dated 2nd instant addressed to the General Traffic Manager. G. I. P. Railway, in support of this Chamber's representation on the above subject.

Yours faithfully,

Ag. Secretary.

GREAT INDIAN PENINSULA RAILWAY,

General Traffic Manager's Office,

BOMBAY.

5th June 1919.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

Old Telephone Buildings,

19, Bank Street, Bombay.

Dear Sir,

I am in receipt of your letter, dated the 2nd June, on the subject of the train services in operation between Bombay and Cawnpore and note that you support the views expressed by the Secretary, Upper India Chamber of Commerce.

2. I would remark that it does not appear to have been realised by your Chamber or the Upper India Chamber of Commerce that the unsatisfactory character of the existing services is due to unavoidable conditions arising from the War and that improvements owing to deterioration of Rolling stock can only slowly be introduced.

3. I think I cannot do better than send you a copy of my reply, dated the 28th May, 1919, to the Secretary, Upper India Chamber of Comerce, which, I think, deals fully with the situation so far as this Railway is concerned.

Yours truly,
Deputy Traffic Manager,
Operative

Copy of letter No. T. T. 255 of 28th May 1919, from the Agent General Traffic Manager, G. I. P. Railway Bombay, to the Secretary, Upper India Chamber of Commerce, Cawnpore.

I beg to address you further in connection with your letter dated the 13th May 1919. in regard to the train services between Cawnpore and Bombay, which was acknowledged in this office letter No. T. T. 255 of 18th May.

2. It would appear that your criticisms mainly refer to the services now in operation, or which have been provided during the period of the war, and not so much to the services in force prior to the war.

3. It must be remembered that Bombay has been the main base for the supply of the Mesopotamian, Egyptian and East African Armies, and also, so far as Indian services are concerned, for France. The G. I. P. Railway by its geographical position has been required to carry more military traffic than any other line in India, not even excepting the N. W. Railway

and a far greater proportion of our rolling stock has had to be set aside for military and other essential traffic than that of any other Railway. As a consequence, we were called upon considerably to reduce our public train services and the trains which remained had to do the work of those which were taken off, with the natural consequence that loads had to be increased and extra halts provided, with the result that the time occupied between points was greatly extended.

4. On the Jhansi-Cawnpur section of this Railway passenger train was taken off, and the mail train converted into a fast passenger and the running of a fast mail train between Jhansi and Lucknow abandoned.

5. Although hostilities in the main theatres of war have ceased, war conditions in India remain, and military traffic since the armistice, due to demobilisation and other causes, has diminished very little in volume, and there has as yet been no opportunity to replace or repair worn out rolling stock, the condiction of which owing to cumulative depreciation is less satisfactory now than during any period of War.

6. A return to pre-war condions as regards the number and speed of trains must under existing conditions be very gradual and it will, I fear, be some time before a full normal service can be resumed.

7. The Railway is fully alive to the inconvenience which the public in general and the commercial community in particular have experienced during the last four and a half years and to the unsatisfactory nature of the services now in operation, and will take all possible steps to afford every improvement that circumstances and opportunity may permit. Some amelioration has, however, already been provided in the time-table to come into operation on the 1st June. The 3rd class Delhi Express has been re-introduced. the Punjab mail accelerated,

the mail train between Jhansi and Lucknow also accelerated and other improvements provided on other parts of the system.

8. The attached skeleton time-table shows the services in operation between Bombay and Lucknow during the years 1914-1916 at the present moment and from the 1st June 1919.

9. I may further mention that the question of the possibility of attaching upper class carriages to the Delhi Express and arranging for this train to leave Bombay in the evening with arrivals at Delhi and Lucknow in the morning is also receiving consideration.

I trust the explanation afforded will have made it clear that the Company is making every endeavour within its means to improve the present train services, and that any delay in reverting to our full pre-war services is governed by unvoidable conditions arising from the war.

APPENDIX No. 39.

Revision of Railway Rates for development of Indian Industries.

Bengal Chamber of Commerce.

Calcutta 14*th May* 1919.

No. 1717-1919.

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

Dear Sir,

REPORT OF THE INDIAN INDUSTRIAL COMMISSION.

As requested by the East India Section of the London Chamber of Commerce, I send you copy of a letter dated 27th March received from them. I am directed to ask if you will be

good enough to sent, for the information of this Chamber, a copy of your reply to the East India Section.

Yours faithfully,

Acting Secretary.

Enclosure As specified.

1, 2 & 3, OXFORD COURT, & 97, CANNON STREET,

LONDON, E.C. 4.

27*th March* 1919.

The Secretary,

Bengal Chamber of Commerce, CALCUTTA.

Dear Sir,

I am instructed by the Executive Committee of the East India Section of this Chamber to say that they have recently had under preliminary consideration some of the features of the report of the Indian Industrial Commission.

My Committee have noted that the recommendations include suggestions for action to be taken to improve and develope Agriculture, Forest, Fisheries and the greater use of Indian Minerals, and the establishment of a special Department to supply industries with technical, commercial, financial and educational assistance. It is however, to the recommendations whereby the Indian Railways should be worked to assist in the development of industries that my Committee wish to draw your special attention, and to ask that through you the Indian Chambers will favour the London Chamber of Commerce with an expression of opinion.

These recommendations appear to our Committee to involve an alteration in policy on an extremly far reaching character. It is proposed as fundamentally necessary for the development of new industries in India, but the Commission do not seem to

have appreciated what its effect on the trade and commerce of India as distinct from Indian industries would be.

The Commission have published a concise summary of their report which states clearly what is proposed in this connection. The words used in the summary are as following :—

> "The Commission thinks that reduced rates to and from ports have *been prejudicial to industrial development* and that the position requires careful examination with a view to the removal of existing anamalies. In particular it should be possible to increase the rates on raw produce for export and on imports other than machinery and stores for industrial use."

In view of the fact that a new Imperial Department of Industry is to be created which will use every effort to carry out the recomendations of the Commission this recommendation to the effect that railway rates on raw products should be increased and that the same should be done for imports except where required for development of new India Industries would appear to constitute a serious menace to future prosperity of the trade and commerce of India as distinct from Indian industries.

Chapter III of the Report indicates the principal raw products which will be affected the heading of the chapter being, "Raw Materials for Industries."

OIL SEEDS.

Cotton	Caster oil seed	Hides & Leather
Sugarcane	Copra	Minerals
Jute	Cotton	Mica
Hemps	Groundnuts	Cement & Pottery
Sisal	Linseed	Glass Saltpetre
Flax	Rape & Mustard	Timber
Rhea	Sesamum	Jungle Produce.

The proposition is that for every one of these raw products the Railway rates to their Ports are to be raised and this will apply to any other products which are used for any industry not in India.

The raising of these raw products rates to the Ports will probably automatically raise the rates for the carriage of food grains to the Ports for exports as up to the present time, oil seeds have been classified and been carried under the same schedule of rates as grains and pulses.

If the railway rates on raw products to Ports are raised, Railways must either raise the grains rates to the level of the raw products new rates or else become liable to an Action under Section 42 (2) of the Indian Railway Act which is as follows :—

> "A railway administration shall not make or give any undue or unreasonable preference or advantage to or in favour of any particular description of traffic, in any respect whatsoever, or subject any particular person or railway administration or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever."

Besides the recommendation to increase rates on raw products to the Ports in order to check their export and also raise import rates both to assist in the development of India Industries the Commission makes another recommendation. There are areas in India such as around Delhi where Railways serving different Ports meet and compete with each other and to use the Commissions own words in Chapter XIX par. 271 "the result is that speaking generally favourable rates for raw produce moving to the porte have resulted." What the Committee recommend is that these favourable rates to Ports

from such areas should come to an end and it being considered "whether a real necessity exists for reductions in the general interests of the Country" (Industrial.) The Report comments on railways competing for traffic to their Ports and seems to advocate a policy under which all traffic in raw products from such areas should be handled by one railway only the rates being based not on each railway doing its best to attract traffic to its Port, but by a consideration of "the effect which the rate proposed would have on the total cost of conveying the goods to their port of foreign destination and therefore on their ability to compete with products from rival sources.

Under such a scheme the shortest route to any one port seems indicated and as illustrating the effect it would have on Calcutta to Bombay.

The distance from Delhi to Karachi is 781 miles.
" " " " " Bombay " 957 "
" " " " " Calcutta " 903 "

Briefly the fundamental principle on which the Commission appears to have designed their industrial policy is that by means of higher Railway export rates to discourage the export of raw products and by higher import rates to create a protection tariff in favour of the new Indian industries to be created.

These proposals appear to affect not only those in the business of Indian Trade and Commerce but also shipping companies engaged in carrying it and Banks in financing it.

From a preliminary survey of these proposals the Executive Committee of the East India Section of this Chamber are inclined to the opinion that the policy suggested by the report of the Industrial Commission aims at protecting Indian Industries through the medium of adjustments in the railway tariff rather than by direct preferences through the medium of

import and export duties. The wisdom of this policy appears to my Committee to be problematical and the effect on the general trade and commerce of India might be injurious,

My Committee are not at all clear moreover, whether Indian Industries do not in the existing favourable conditions of cheap coal and home consuming markets show a tendency to gradual and sure development on sound lines, and in those circumstances it would appear that a good deal of consideration is necessary as to whether artificial stimulous is required.

The East Indian Section would be much obliged for the opinion of the Indian Chambers of Commerce on the whole report which they have not yet had an opportunity to thoroughly consider. At the same time this proposal regarding the railway rates appears to be an outstanding question affecting the trade and commerce on which they desire to especially request the favour of the opinion of the Chamber of Commerce of India.

My Committee also desire me to express the hope that any communication with which you may favour them might also includ the opinions of the Indian merchants bureaus.

I enclose herewith 50 copies of this letter in case this is convenient for the purpose of circulating it to other Chambere of Commerce.

With compliments,

I am,

Yours faithfully,

CHARLES E. MUSGRAVE,

Secretary.

8th August 1919

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary,

The East India Section, London Chamber of Commerce,

LONDON.

Dear Sir,

A copy of your letter to the Secretary, Bengal Chamber of Commerce, Calcutta, was forwarded by that Chamber to the Committee of this Chamber by them. I am directed to send to you hereby their views regarding the question dealt with by you.

The main complaint of your Committee appears to be directed against the opinion of the Indian Industrial Commission that reduced rates to and from ports have proved to be prejudicial to Industrial development and that the question requires careful examination with a view to remove the existing anomalies and that in particular it should be possible to increase the rate of raw produce for exports and imports other than machinery and stores for industrial use. Your Committee appear to be under the apprehension that in view of the fact that a new Department of Industry is to be created which will use every effort to carry out the suggestions of the Commission, the recommendation to the effect that Railway rates on some products should be increased and that the same should be done for imports except where required for the development of new Indian Industries, would appear to constitute a serious

menace to the future development of the Trade and Commerce of India as distinct from Indian Industries. My Committee would like to make it clear that there is no such diversity of interests between the Trade and Commerce of India and her Industries as is implied in your letter. If a particular measure is calculated to benefit the industries of the country it need not necessarily prove harmful and injurious to its trade and commerce unless by them is understood only the trade and commerce with foreign countries. It may perhaps affect the interests of consumers but it is unnecessary to enter into a dissertation on this incidence which involves broader issues.

In the opinion of my Committee, the recommendation of the Indian Industrial Commission has not come a day too soon and has been proposed in response to the almost unanimous feeling of the Indian commercial community regarding this question.

So far back as 1912, Sir Vithaldas D. Thackersey, while moving a resolution in the imperial Council, drew the attention of the Government of India to the great injustice done to Indian Industries by the system adopted by the railways of carrying goods over a long distance at actually less cost than over shorter distances. He pointed out instances to show that the rates from and to ports like Calcutta, Bombay, Karachi etc. were lower on articles imported from abroad or were generally exported abroad than those charged on the same kind of articles when Inter-provincially consigned. There were also instances given by him to show that these rates operated as a discouragement to Indian industries, sugar being quoted as one of the principal of such industries.

A resolution was passed by the first Indian Commercial Congress held in Bombay to the effect that Government be requested to institute a thorough inquiry into the question of incidence and comparison of railway rates and their effects on

the trade and commerce in the country both internal and foreign and that in order to put Indian industries on an equal footing with foreign ones the low rates charged for foreign goods be applied to Indian products although the load may be less than the standard one required.

Mr. S. C. Ghose has, in his book on Indian railway rates, fully shown how Indian industries have suffered through this unfortunate system, in vogue upto this time, of quoting low rates for exports of raw products and from foreign countries, transported inland from the ports. This question is dealt with by him on pages 151, 202 to 205; 210 to 221; 228 to 236; 318 to 323; 311 to 313; 409, 411 to 421 and 452 to 456. The attention of your Committee is specially drawn to the instances of sugar industry, and hides and skins industry. It may be argued and is in fact argued that Railways are able to quote lower rates of freight for imported *traffic* from the ports which was said as a rule to be carried for long distances in full wagon loads. It is alleged that it is cheaper for railways to carry such sugar than it costs to carry indigenious sugar which, it is asserted, is carried for shorter distances in less than wagon loads. This is not, however, always the case, as it is established that the special rates for sugar from the ports of Bombay and Calcutta were not for wagon loads but for actual weight *i.e.* carried in any weight, however small or large. The hides and skins industry suffered also similarly on account of these circumstances. My Committee are emphatically of opinion that the recommendation of the Indian Industrial Commission regarding rates should be put into practical effect as soon as possible as it is essential for the development of indigenous industries. My Committee do not view these recommendations in the light of an unnatural stimulus to industries but as a remedy to remove certain disabilities under which Indian industries are labouring. This is but what is due to them as they have been badly neglected upto this time.

My Committee hope in conclusion that in view of these facts, your Committee will lend their valued support to the

aforementioned recommendation of the Indian industrial Commission. My Committee will be glad, if necessary, to offer any further explanation which may be required.

I beg to remain,
Sir,
Your most obedient servant,
Sd/ J. K. MEHTA.

APPENDIX No. 40.

Board of Referees under the Excess Profits Tax Act.

No. 5208 of 1919.

REVENUE DEPARTMENT.

Bombay Castle, 22nd May 1919.

From.

A. F. L. Brayne, Esq., I. C. S.,
Under Secretary to the Government of Bombay.

To

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

Sir,

Under section 8 of the Excess Profits Duty Act, 1919, the Local Government is empowered to appoint a Board of Referees to hear appeals against the decisions of the Collector under section 7 of the Act. In order that Government may be in a position to constitute such Boards I am to request you to nominate, from among the members of your Chamber 8 gentlemen, who, from their position and their acquaintance with various

classes of business, are likely to command general confidence and to communicate their names to Government through the Commissioner of Income Tax, Bombay, together with a short account of the position they hold in the commercial community and their qualifications.

2. I am to state that non-official members appointed on the Board will be remunerated at the rate of Rs. 100 for a full day's sitting and Rs. 50 for a half day's sitting. Though it seems improbable that such members will have to travel to the place of meeting, travelling allowances at first class rates will also be granted to them where necessary.

I have the honour to be,
Sir,
Your most obedient servant,
L. BRAYNE.
Under Secretary to Government.
28th June.

From,

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

To

THE COMMISSIONER OF INCOME TAX,
BOMBAY.

Sir,

With reference to a letter from A. F. L. Brayne Esq. I. C. S. Under Secretary to the Government of Bombay, Revenue Department Bombay dated 22nd May 1919 No. 5208 of 1919, I am directed to inform you that the following eight members are nominated by my Committee for the Board of referees to be appointed under Section 8 of the Excess Profits Duty Act of 1919.

Mercantile qualifications.

Name	
(1) Mr. Jehangir Bomanjee Petit.	Vice-Chairman of the Indian Merchants' Chamber and Bureau. Mill owner, Director of Manekjee Petit Mills, Framji Petit Mills and Emperor Edward Mill.
(2) Hon'blo Mr. Lallubhai Samaldas, C. I. E.	Merchant, Director of several Tata concerns and the Central Co-operative Bank etc. etc.
(3) The Hon'ble Mr. Purshottamdas Thakoredas, C. I. E.	Merchant, Director of the Tata Industrial Bank, Tata Iron and Steell Co., Kohinoor Mills, Khatau Mackanjee Spg. and Wg. Mills, Ahmedabad Prantej Railway, Trustee of Bombay Port Trust etc. etc.
(4) S. E. Warden Esq.	Senior partner of Messrs. Warden & Co. connected with trade in piece Goods, tiles and export of Indian Produce for the last forty years.
(5) Manu Subedar Esq., B. Sc (Eco.)F. S.S.	Trustee of the Bombay Port Trust, Partner of Messrs. Laljee Naranjee & Co. agents the Jupitor General Insurance Co. Ltd.,
(6) S. B. Billimoria Esq., M. B. E. J. P.	Accountant and Auditor, Auditor of nearly 100 firms and companies including the Bank of Bombay the Bank of India, the Tata Industrial Bank, The Oriental Life Insurance Co. Vice President of the Society of professional accountants.
(7) Motilal Kanji Esq.	Piece Goods Merchants, Agents for the Manufacturers Life Insurance Co., Ltd.

(8) Vithaldas Damodar Govindjee Esq. Piece Goods Merchants, selling agent for the Bradburry Mills Co., Ltd.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

No. $\frac{OR}{117}$ of 1919-1920.

From

L. W. HARTLEY, Esq, C. I. E.,

Commissioner of Income Tax,

BOMBAY.

To

The Secretary,

Indian Merchants' Chamber & Bureau

BOMBAY.

Income Tax Commissioner's Office,

20-22, Parsi Bazar Street,

Bombay, 21st July 1919.

Sir,

I have the honour to state that Government of India have under their consideration the appointment of a Board of Special Referees to deal with cases under section 9 of the excess Profits Duty Act and in order that all such cases coming before them should receive treatment on uniform lines for all India,

they propose to establish one single Board consisting of four members. I have in this connection been desired by the Government of Bombay to submit, in consultation with the business Associations interested, *for their nomination of an Indian business representative* from Bombay, the names and qualifications business experience etc. of some gentleman in Bombay. I should therefore feel obliged if you would propose for submission the name of an experienced and suitable Indian gentleman who would be agreeable to join the Board.

2. It may be mentioned for your information that this Special Board will have to tour in India and the important centres of its visit will be Calcutta, Bombay, Cawnpore and Madras and that though it is very difficult at present to estimate exactly how long the Board will take in its enquiry, the period would run to a month, or six weeks or possibly longer. The Government of India propose to use this Board as the nucleus of a Committee to consider the question of the allowances for depreciation in Income Tax Assessments. As to remuneration designed to cover the personal expenses of the member, the Government of India propose Rs. 1,500 a month plus actual travelling expenses.

3. As the matter is very urgent I shall be glad to receive your reply within 3 days if possible.

I have the honour to be,

Sir,

Your most obedient servant,

L. W. HARTLEY,

Commissioner of Income Tax,

BOMBAY.

23rd July.

From

J. K. MEHTA, Esquire, M. A.,

Secretary.

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

L. W. HARTLEY, Esquire, C. I. E.,

Commissioner of Income-Tax,

BOMBAY.

Sir,

With reference to your letter of the 21st instant No. C-R/117 of 1919-20, I am directed to inform you that the Committee of this Chamber propose the name of the Hon'ble Mr. Lallubhai Samaldas, C. I. E., for appointment on the Board of Special Referees to deal with cases under Section 9 of the Excess Profits Duty Act. I am directed further to mention for your information that the Hon'ble Mr. Lallubhai Samaldas is to join a Government Committee from the beginning of November 1919 and so will be available for the proposed Board upto the end of October 1919.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

APPENDIX No. 41.

Trade between India and East Africa.

No. 4932 of 1919.

REVENUE DEPARTMENT.

Bombay Castle 14*th May* 1919.

From

A. F. L. BRAYNE, Esquire, I. C. S.,

Under Secretary to the Government of BOMBAY.

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to forward a copy of the letter from the Government of India, Department of Commerce and Industry, No. 1921-D. dated 26th February 1919, addressed to the Government of Bombay, and of its enclosures, on the subject of trade between India and East Africa, and to state that this Government will be glad to receive the views of the Chamber on the proposals made therein.

I have the honour to be,

Sir,

Your most obedient servant,

L. BRAYNE,

Under Secretary to Government

Letter from the Government of India, Department of Commerce and Industry, No. 1921-D, dated 26th February 1919 ;—

"I am directed to address you on the subject of trade between India and East Africa. The Indian Trade Commissioner has drawn attention to openings for Indian trade in East Africa and recently Major McKerrow of the Indian Munitions Board, who has had experience of trade both in Africa and Bombay, has reported on the subject. Extracts from Major McKerrow's note of the 18th October last, and a copy of a further note of the 1st of February are attached. It will be seen that in the first place, the writer recommends the appointment of an Indian Trade Commissioner whose duty would be to study on the spot openings for Indian trade with East Africa. In the second place, he suggests that assistance might be given in various directions to the formation and work of a trading company with headquarters at Bombay, which would develop Indian trade with East Africa.

"2. The Government of India consider that much might be done, whether by private or official enterprise, to stimulate Indian trade in the direction proposed. Two statements are attached which show, firstly, India's share at present in five of the staple lines of the import trade into the East Africa and Zanzibar Protectorates and Uganda, and secondly, India's share of the total import trade into the Protectorates. Apart from grain and flour, India supplies only a small proportion of East African requirements even in commodities of which she already produces large quantities for home consumption. These lines of trade might undoubtedly be stimulated and new lines developed where conditions are favourable. Subsequently the requirements of the territory now known as German East Africa might also be studied. On this subject attention is invited to a report from the Indian Trade Commissioner in London reproduced at page 178 of the *Indian Trade Journal* of the 8th November 1918. The piece-goods requirements of East Africa are considered in an article at page 19 of the *Indian Trade Journal* of the 3rd January 1919.

"3. The Government of India incline to view the proposal to organise a trading company as sound, but it seems to them that, should this proposal materialise, there might quite possibly also be room for an Indian Trade Commissioner. Such an officer would be appointed by the Government of India and would be in close touch with the Government of Bombay and with the Director General of Commercial Intelligence at Calcutta. It would ultimately be necessary to secure the approval of His Majesty's Government, and, through them, of the local Administrations in East Africa. Before proceeding further, however, the Government of India would be glad to receive the views of the Bombay Government on the proposals as a whole, together with any concrete suggestions which that Government may desire to offer."

Extracts from the note dated 18th October 1918 on Indian trade interests in East Africa by Major H. B. McKerrow, Deputy Controller, Textile Supplies, Indian Munitions Board.

2. Many of the new industries which have been developed by the Munitions Board owing to war demands are likely to be seriously affected and the work and labour entailed in organizing these will be lost, unless fresh outlets are found, so as to prevent any dislocation of trade which is likely to result. It seems an opportune time therefore to consider what steps can be taken to find markets for the increased manufactured products of India.

3. The market nearest at hand, and one which India should pay special attention to, is undoubtedly Africa, especially the East Coast and South Africa from Aden to Cape Town. Prior to the war practically the whole of the East Coast trade from Mombassa to Durban was in the hands of Germans. They had the only regular and effective steamship service, and this was connected with their Bombay service. It is hardly likely owing to the general shortage of tonnage that the English steamship companies who now run between England and Africa

will have steamers available either to organise a coastal service to or establish a regular service between India and Africa. Comparatively few steamers of moderate tonnage would be capable of doing this, and many of the steamers now used by Government in connection with transport to Basra would be quite suitable for this purpose, the larger ones being used for direct service, whilst the smaller might be used for connecting up the small ports of call. During the fair season the service could be further supplemented by native dhows and wooden built ships which are now being constructed in India. With the prospect of establishing a proper means of transport it would appear that some connecting link is required between the present branches of the Munitions Board and the prospective consuming market so that information could be collected as to what prospects there are of developing the trade. It is suggested that the first step in this direction would be the appointment of a travelling Trade Commissioner who could at once begin to collect information from all the various centres in Africa as to the various outlets for Indian goods, studying the local conditions of trade and methods of distribution. A large amount of the internal trade of East Africa is already in the hands of petty Indian traders. These are men of small capital who are largely dependent upon drawing their supplies from larger wholesale firms, very few of whom know anything regarding the possibility of Indian industries or their recent development.

4. The wants of the African native are very similar to those of the natives of this country. They prefer the coarser and heavier made cotton goods of Bombay to Manchester made goods, and at present there is little or no demand for the higher class of textiles which Manchester so largely supplies to the Indian market. Many of the minor industries in India are unknown to exist so far as Africa is concerned, but their production would find a ready sale if once introduced.

5. In a country, however, where railway and river transport is limited, a great deal of the distribution is still done by native carriers, and special study of local conditions is absolutely necessary, and in this respect Indian firms seem to be extraordinarily ignorant. To give a typical instance of this, one reason why Bombay cotton goods do not find a large sale in Africa is because the packing of them is totally unsuited for the country. Manchester shippers are in the habit of baling their goods in 65 lb. trusses which is a one man load; eight of these trusses are packed in one bale. Such bales are carried as far as railway or river transport exists, and then broken open, each truss thus forming a complete and uniform headload. The Indian mills on the other hand ship the usual clumsy Bombay bale often badly packed and not fully pressed, upon which excess rate is charged owing to the bad measurement it gives compared with the Manchester packed bale. When it is to be broken open, hand bales have to be made in a country where hessian is dear, and a clumsy bale is the result which the African native often refuses to carry; such bales are simply handsewn, with the result that pilferage often occurs *en route* and cannot be detected.

6. The river freight from Chinde at the mouth of the Zambezi to Tete which is the terminus of river transport was £5 per ton measurement in pre-war days and probably to-day is nearer double. It can easily be understood, therefore, that any small saving in the original cost of goods paid in India is soon converted into a serious loss by bad packing, and the excess measurement of Bombay bales largely curtails the possibility of introducing the Bombay cloths into the interior. In the same way the rates paid for head-loads are so much per standard load of 65 lbs. per trip; if the weight exceeds 65 lbs. double rate is to be paid as the load becomes a two-man load. In many cases the excess weight is 15 to 20 lbs., which means to say, the over-land cost paid on possibly 80 lbs. load is equal to

what should have been paid on 130 lbs. These are only typical instances of the local conditions which, if India is to develop trade in such countries as East Africa, must be studied.

8. Taking these various matters into consideration it would appear advisiable that no time should be lost in co-ordinating the various branches of the Munitions Board, so that they may discriminate between what industries offer the most likely prospect of competing under ordinary conditions of business with the productions of Japan, England and other countries.

9. Indian cotton mills have always required a certain amount of better grade cotton, and although it is hoped more of this will be produced in India, far more is likely to be ultimately grown in our East African colonies where the more suitable conditions of climate and soil naturally produce a superior quality of cotton which sells at about D 1¼ over American middling. Uganda cotton is already well-known in the Bombay market and Bombay mill-owners might readily be inclined to undertake cotton cultivation in some of our East African colonies, thereby securing for themselves a certain supply of good grade cotton and thus benefiting both countries.

Note dated 1st February 1919 by Major McKerrow on a proposal to form a trading company to develop Indian trade with East Africa.

In considering the proposal to form a substantial trading company to develop British trade generally, but more especially Indian trade, with the East African colonies, the following facts are submitted for consideration.

1. Prior to the war practically all the trade was in the hands of the German firms who, owing to the great facilities given by their banks with the support of the German Govern-

ment, were gradually obtaining an almost complete monopoly of all the trade north of Durban. Hamburg was fast becoming the market for East African produce and the centre from which the trade generally was controlled.

2. The countries included in their sphere of influence were :—

British East Africa,
Uganda,
Zanzibar,
Portuguese East Africa,
Nyasaland,
Rhodesia,
German East Africa, and a considerable portion of the South African Union.

3. Figures since the war point to the fact that America and Japan have not been slow to seize their opportunities to secure a footing in these markets and, unless active steps are taken at once, British trade and especially Indian may find it extremely difficult to obtain the position it should in these markets.

4. Whilst the United Kingdom will find itself at a distinct disadvantage for the next few years in developing these markets owing to the scarcity of freight, probable high prices of labour, increased cost of production, etc., etc., India owing to its geographical position and other natural advantages has exceptional opportunities of developing its trade against any other country, which will not exist to the same extent when the world's trade once again becomes normal.

5. If the present proposals for the industrial development of India, which are before Government are to bear fruit, they must lead to a much more rapid development of India's resources. It is also known that private enterprise is already

taking up many new schemes which will create fresh industries in the country. Greater attention must be paid to markets outside India, not only for the purpose of finding an outlet for its production, but as a safeguard against those periods of depression which any one who knows India is aware must occur from time to time.

6. Whilst the countries mentioned offer special inducements to a trading company such as it is suggested should be formed, it is not proposed to limit its operations to these markets alone, and other countries especially those which as the result of the war are likely to come under British influence, would receive special attention.

7. During the war certain industries have already owing to the demands of the army been considerably developed, whilst Government undoubtedly intends in the near future to help and assist in the formation of others. It is suggested that a special feature of the company's business should be the marketing of the products of many of the minor industries which are bound to spring up, and, if necessary, give a certain amount of financial assistance to them. It is also thought the assistance such a company can give Government in advice as regards the commercial aspect of many of the industries they will undoubtedly be called upon to consider, will be appreciated.

8. As regards trade with the United Kingdom, it is certain, as the result of the war, much more attention and encouragement will be paid to the development of our African colonies, and British firms will welcome the formation of a strong company knowing the local conditions with whom they can safely trade. A special feature will be made of securing the agencies for such goods as are not manufactured in India

but for which a large demand exists in East Africa. Among such agencies may be mentioned the following :—

Agricultural machinery.
Cattle dips.
Refrigerators & ice machinery.
Mining machinery.
Explosives.
Arms and ammunition.
Dairy supplies.
Bicycles and motor cars.
Cotton machinery, gins and presses.
Engineering tools.
Galvanized iron.
Rubber machinery.

Articles in food stuffs, medicines, etc., cement, safes, wines and spirits, pumps phonographs, typewriters.

9. Also direct agencies for Steamship Companies, Insurance Fire, Marine and Life, Coal Agencies, Mortgage and Land Companies.

Such agencies will usually carry with them an extra agency commission on all business done direct or indirect and in most cases some contribution towards office expenses. The Company would carry samples, hold stocks, and guarantee accounts and also undertake to push trade generally for them.

10. The Company would also undertake a general agency for business especially for farmers and planters, receiving and selling their produce and purchasing their requirements.

11. The head office of the Company will be in Bombay. Special attention will be paid to the passing and packing of goods, and methods similar to a Manchester Shipping House, where all goods are delivered in bulk, will be adopted.

12. Branches as soon as possible will be established in Durban, Mombassa, Nairobi Zanzibar, and later at Beira, Delagoa Bay, Daressalam; ultimately it will be the intention to further extend these to other centres as the business warrants it.

STATEMENT I.

From.	Total import trade during 1913-14 into :-		
	East Africa Protectorate and Uganda.	Zanzibar Protectorate.	East Africa Protectorate, Uganda and Zanzibar.
	£	£	£
India	584,584	449,552	1,034,136
United Kingdom	1,298,282	157,119	1,455,401
Other British Possession	86,610	115,777	202,387
Foreign Countries	1,199,716	380,899	1,580,615
Total non-India trade ..	2,584,608	653,795	3,238,403
All countries ...	3,169,192	1,103,347	4,272,539

STATEMENT II.

Articles.	Imports of selected articles during 1913-14 into :—					
	East Africa Protectorate and Uganda.		Zanzibar Protectorate.		East Africa Protectorate Uganda and Zanzibar Protectorate.	
	Total.	From India.	Total.	From India.	Total.	From India.
	£	£	£	£	£	£
Cotton piece-goods. ...	745,271	60,511	191,023	10,381	936,294	70,892
Grain and flour ...	148,985	114,332	*177,076	*177,129	326,061	291,461
Hardware and cutlery..	70,944	834	28,310	857	99,254	1,681
Provisions, including sugar and tea.	172,093	16,033	96,770	6,481	268,863	22,514
Tobacco ...	61,991	493	19,666	475	81,657	968

* Discrepancy due to the fact that for Zanzibar statistics are for the calendar year 1913.

16*th July* 1919.

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay,

REVENUE DEPARTMENT

BOMBAY.

Sir,

With reference to your letter of the 14th May 1919 No. 4932 of 1919, I am directed to send hereby views of my Committee regarding the question referred to therein.

The trade between India and East Africa has been going on for a long time and has considerably developed during the War period. This trade consits chiefly of cheap foodstuffs and clothings, in which Indians carry on a large retail trade with natives of Africa. Indian shops are scattered far and wide over the country and it is estimated that more than 90 p/c of the retail trade with natives is in the hands of Indians. This can be developed to a very large extent if the disabilities to which it is put at present are removed. My Committee are given to understand that for some time past the colour prejudice which is responsible for a great deal of mischief in South Africa has begun to make itself felt even in East Africa. It is alleged for instance that Indian merchants are not allowed to possess any piece of land on the High Lands but have to remain satisfied with Low Lands, which debars their permanent settlement

in the country. The segregation compaign is in full swing and it is sought to enforce the removal of Indian residential localities and bazars from their present long established sites. Not only this but an attempt in being made to remove Indian ginneries from leading industrial places like Kampalla and Nairobi in order to remove Indian competition from the way of European traders. If these allegations are true my Committee fear that Indian trade in East Africa will be subjected to the same sort of harassments with which we have been painfully familiar in South Africa. The instances to which my Committee refer here are, it is said. but an index to the general feeling of opposition on the part of European settlers to any encouragement being given to Indian trade and industries. Under these circustances it would not be surprising if Indian merchants are led to take but a passing interest in the development of trade with East Africa and are afraid to settle down or sink capital in the country which otherwise provides large potentialities for the establishment of several industries and for the expansion of trade of which some idea can be formed from the fact that only a small percentage of African natives are used to cereal food or clothes. My Committee are of opinion, therefore, that with the removal of all the grievances and inequalities., there will be a natural development in trade between India and East Africa without any interference from the Government on the lines suggested by Major McKerrow in his scheme to form a trading Company.

As observed above there are certain inequalies and grievances which come in the way of a natural development of trade between India and East Africa. Even if, however, there were no such disabilities and grievances the Committee see no reason for entertainment by the Government of the proposal of Major McKerrow. There are enterprising firms in Bombay who can start such Companies without any Government help and there is no reason why the Government should go out of their way to help in floating a concern like the one

suggested in the accompaniment to your letter. My Committee have reasons to fear that a concern backed by Government is likely to compete injuriously with the already established small Indian traders. It is open to Major McKerrow to start such a concern himself on Joint stock principles.

While my Committee are thus opposed to the proposal of floating a concern with the assistance of Government they strongly approve of the idea of appointment of an Indian Trade Commissioner to watch and develop the interests of trade between India and East Africa. It is not necessary perhaps to point out that the Committee of the Chamber have for a long time been urging the appointment of Trade Commissioners with all the principal British Consulates, They are happy to find that the principles have already been accepted with regard to the appointment of a Trade Commissioner for India in London. and hope that a similar appointment will be made with regard to East Africa. They should like, however, to point out that an Indian with Commercial experience should be appointed to such a post. Petty Indian traders are carrying on their business in a small way all over East Africa and many are to be found even in the territory hitherto know as German East Africa, but which will be now under the jurisdiction of the British Government. My Committee feel that the Trade Commissioner, if he is an Indian, will be specially able to look after the peculiar interests of all these people.

I beg to remain,

Sir,

Your most obedient servant,

J. K. MEHTA,

Secretary.

APPENDIX No. 42.

Tariff Valuation of Sugar.

No. 3267.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

Simla, the 20th May 1919.

From

The Hon'ble Mr. A. H. Ley, C. I. E., I. C. S.,

Secretary to the Government of India.

To

The Secretary,

BURMA CHAMBER OF COMMERCE.

Sir,

I am directed to refer to your letter, dated the 22nd February 1919, and to say that the Government of India cannot agree to an intermediate revision in the tariff valuations on sugar fixed for the current year. As your Chamber are aware, the present system, by which the tariff valuations on sugar are fixed on the average prices of different descriptions of sugar during the preceding year, was introduced in 1911. This system was originally proposed by the Bengal Chamber of Commerce, and was adopted as being on the whole the most convenient to the trade.

2. The Government of India fully realise that the system sometimes gives rise to anomalies. The particular anomaly to which you refer, however, does not appear to arise out of the system by which valuations are fixed, so much as from the fact that the market values of China and Mauritius sugar have risen disproportionately to Java sugar, 16 Dutch Standard. The Government of India understand that it is not the case that the tariff valuations fixed for the current year are seriously out of accord with the actual market values; they do in fact represent with reasonable approximation the actual current differences in market values as they stand today. Any proposal, therefore, to reduce, say, the tariff valuation on Mauritius below that fixed for Java 16th Dutch Standard would not correct a present injustice to British sugar but would be simply tantamount to assisting British sugar manufacturers by affording them a preference over foreign sugars not justified by existing market rates.

3. The Government of India do not wish it to be understood that they are out of sympathy with any proposal to afford assistance to British sugar manufacturers. They do not however consider it proper to secure this result by the indirect method of effecting an intermediate revision of the tariff valuations in a manner which does not appear to be justified by existing facts.

4. At the same time, while unwilling to agree to such a revision, they are quite prepered to accept the suggestion that the whole system, by which the valuations for sugar are fixed, should come under further consideration, and they have instructed the Director General of Commercial Intelligence to examine the question afresh before the next valuation commences, in communication with the Chambers of Commerce, and to place his views, together with the opinions of the Chambers, before the Government of India. The Government would be glad at the

same time to receive data and views which will enable them to decide, if necessary, on a tariff that will be favourable to Empire sources of sugar.

I have the honour to be,
Sir,
Your most obedient servant,
A. H. Ley,
Secretary to the Government of India.

No. 3268.

A copy of the correspondence is forwarded to the Director General of Commercial Intelligence, for information and necessary action.

A copy is forwarded to the Chamber of Commerce, for information with reference to their letter. Bombay. Madras. Karachi Bengal

* With a copy of notes.

No. 306-9, dated the 14th March 1919.
dated the 11th April 1919.
No. 197, dated the 20th March 1919.
No. 1503-1919, dated the 24th April 1919.

A copy is also forwarded to all other Chambers of Commerce, for information.

By order, etc.,
A. B. SARKAR,
for Under Secretary to the Government of India.

APPENDIX No. 43.

The Trade Statistics.

DEPARTMENT OF STATISTICS INDIA.

Calcutta, the 22nd February, 1919.

From,

G. FINDLAY SHIRAS, Esq., M.A., L.E.S.,

DIRECTOR OF STATISTICS,

To,

The Collector of Customs, Calcutta.
The Collector of Customs, Bombay.
The Chief Collector of Customs in Sind, Karachi.
The Collector of Customs, Madras.
The Chief Collector of Customs, Burma, Rangoon.

Sir,

I have the honour to invite a reference to paragraph 6 of the Resolution of the Government of India in the Department of Commerce and Industry, No. 93/100/17, dated the 8th January, 1912, and to state that the question of additions to, or alterations in, the lists of articles separately specified in the sea-borne trade returns is now under consideration in this Department. A list of proposed additions to the lists is appended.

2. I have to request that you will be good enough to forward any proposals that you may wish to make in the lists now in use. An early reply will be much appreciated.

I have the honour to be,
Sir,
Your most obedient Servant,
G. FINDLAY SHIRAS,
Director of Statistics

No. 1085.

Copy forwarded to the Secretary, Indian Merchants' Chamber and Bureau, Bombay, with the request that suggestions, if any, may be forwarded to this Department by the 21st March, 1919.

G. FINDLAY SHIRRAS,
Director of Statistics.

Additional commodities to be specified in the Lists of Articles in the foreign sea-borne trade returns.

List No. I. Imports.

1. Asbestos, raw-now included under "All other articles of merchandise."

2. Chemicals and Chemical preparations.
   Acetic acid.
   Tartaric acid.
   Bleaching powder,
   Copper sulphate.
   Chromates and bi-chromates of soda and potash.
   Cyanide of sodium and potash.
   Sulphurie acid.

3. Coal.
   Steam coal.

4. Fish tinned now included under "Provisions and oilman's Stores Canned and bottled provisions".

5. Grain, pulse, and flour. Beans (dry.)

6. Hardware. Gas Mantles now included under "All other articles of merchandise."

7. Isinglass now included under "Provisions and oilman's Stores Others."

8. Manures Superphosphates.

9. Metals and Ores—
   Antifriction metal.
   Babbitt's metal.
   Molybdenum.
   Nickel refined.
   Iron or Steel—Fencing wire.
   „ Wire nails.
   „ Wire rope to be sub-divided into.
   (1) galvanised.
   (2) black.
   „ Tool-steel.

10, Oils—
   Fish oil

11. Paints and Colours—
   Red lead.
   White lead.
   Blue.
   Varnish.

12. Printers' ink.

13. Shuttles of all kinds—now included under "Hardware-implements and tools" and also under "Machinery and Mill-work".

14. Textiles—
   Cotton piecegoods—
   Grey to be sub-divided into
   (1) plain grey.
   (2) bordered grey.
   Coloured, printed or dyed to be sub-divided into.

(1) printed goods.

(2) dyed goods.

(3) woven coloured goods.

LIST No. 3 EXPORTS.

1. Steam coal.
2. Oils—
   Fish oil.
   Tung oil.
3. Tea fluff—now included under "Tea waste for the manufacture of caffeine".
4. Sisal hemp—now included under "Hemp, raw".

20th March 1919.

From,

J. K. MEHTA, Esquire, M. A.,

Secretary.

Indian Merchants' Chamber and Bureau,
BOMBAY.

To,

G. FINDLAY SHIRRAS, Esquire, M. A. I. E. S.,
Director of Statistics,
1, Council House Street,
CALCUTTA.

Sir,

I am directed, in reply to your letter of the 22nd February 1919 No. 1072/76, to express hereby the opinion of the Committee of this Chamber as follows. The Committee have no objection to the changes proposed in your letter in the Seaborne Trade Returns. In addition they beg to suggest the following modifications in the returns.

1. **Imports.**

(a). Belting for Machinery. Item No. 6. Add Pickers, Roller-skins and Picking Bands.

(b). Building and Engineering materials. Item No. 11. Divide Cement into Portland and Boiler Covering.

(c). Chemicals preparations. Item No. 17. Add Acid Hydrochlorid, Alumina Sulphate Alumina Ferrie and Alum. Separate Borax and Boracic Acid Add Glycerin.

(d). Drugs and Medicines. Item No. 28. Add Opium, Morphia and their preparations.

(e). Glass and Glassware. Item No. 38. Add Scientific Glassware.

(f). Leather. Item No. 50. Add Leather cloth and Artificial leather.

(g). Metals and Ores. Item No. 56. Divide Galvanized Sheets and plates into coreugated and plain. Separate Angle and Spring, Bars and channels.

(h). Paints and Painters' materials. Item No. 63. Add Witherite and Turpin.

(i). Precious Stones and Pearls, unset. Item No. 70. These two items must be separately mentioned.

(j). Textiles. Item No. 93. Sub-item (d) iii. Handkerchiefs and shawls should be separetely mentioned.

II. **Exports.**

(a). Add Bones ground and unground.

(b). Chemicals and chemical preparations. Item No. 13. Add Acetone.

(*c*). Fruits and Vegetables. Item No. 27. Add Onions.

I beg to remain,
Sir,
Your most obedient Servant,
J. K. MEHTA,
Secretary.

APPENDIX No. 44.

Maximum limit for Claim for Loss of Goods.

THE INDIAN NATIONAL ASSOCIATION, ZANZIBAR.

Replied 24th July, 1919.

No. 178/19.

Zanzibar, 16th June, 1919.

Sir,

I am directed to enclose you herewith a copy of a letter addressed by my Association to Messrs. Mackinnon Mackenzie & Co. of Calcutta with regard to maximum limit fixed by them in the event of claims.

As your Chamber will observe it is most necessary to increase this limit from Rs. 250 to Rs. 750 for the safety of the shippers and concerned, and I am therefore directed to request you to kindly support us in this proposal and to take necessary steps towards same.

I have the honour to be
Sir,
Your obedient Servant,
A. J. MOHAMEDLY.
Hon. Secretary.

To,

The Secretary,

The Indian Merchants Chamber & Bureau,

BOMBAY.

15th June, 1919.

175/19.

Messrs. Mackinnon Mackanzie & Co.

Managing Agents B. I. S. N. Co. Ltd.

CALCUTTA.

Sirs,

I am directed by my committee to draw your kind attention to the fact that it is now time to revise the clause in your Bill of Lading relating to the amount payable by you in case of damage or loss of cargo.

In this clause the limit is fixed at Rs. 250 for one package. You will however admit that the prices in general have gone so high as a result of the War that this limit, which was fixed upon considerable time back, is now quite below the mark. Looking to the rise in prices alround, my Committee take the liberty of stating, that in their opinion this limit should now be raised to at least Rs. 750.

Trusting you would be pleased to consider this proposal in common justice, and in view of the totally altered circumstances.

I beg to remain,
Sirs,
Your obedient Servant,

Hon. Secretary,
Indian National Assosiation.
24th July 1919.

From,

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

Messrs. Mackinnon Mackenzie & Co., Ltd.

Managing Agents,

British India Steam Navigation Co. Ltd.

CALCUTTA.

Dear Sirs,

The attention of my Committee has been drawn to a representation addressed by the Indian National Association, Zanzibar to you requesting you to revise the Clause in your Bill of Lading relating to the amount payable by you in case of damage or loss of cargo. My Committee agree with the Indian National Association in thinking that the prices in general have gone so high that the limit which is at present fixed at Rs. 250 for one package should be raised to atleast Rs. 750. Prices have gone high not in one trade only, but in all the different lines of trade and it is but just and proper that merchants should have their loss recouped according to the valuation of the present day prices. If the limit for a claim is raised to Rs. 750 as suggested it will fairly meet with all the necessities of the situation.

Yours faithfully,

J. K. MEHTA,

Secretary.

British India Steam Navigation Company, Ltd.

(Incorporated in England.)

Claims. Post Box No. 163.

No. c/m 4404.

Calcutta, 30th July, 1919.

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

Dear Sir,

We are in receipt of your letter of the 24th instant, in regard to the limit of liability under the Company's B/Lading.

The terms and conditions of the Company's Bill of Lading were drawn by after much consideration and we regret they cannot be departed from. If shippers desire the Company to accept greater liability than the B/Lading provides for they can declare the value of the cargo before shipment and obtain a special written advice note for the shipment of their goods and pay ad-valorem freight in accordance with the terms and conditions of the Bill of Lading.

We are, Dear Sir,

Yours faithfully,

MACKINNON MACKENZIE & Co.

Managing Agents.

Appendix No. 45.

Statistics about Spirituous Liquors.

The Alembic Chemical Works Co., Ltd.

Baroda Camp, 11*th July*, 1919.

No. 8/2972.

To

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

Dear Sir,

As the largest manufacturers of spirituous medical preparations on this side of India, we are in need of statistics as to its total production by Government medical departments and other firms in India for our guidance in comparing and increasing our own production. Hence we had some correspondence on the subject with the Director of Statistics, Calcutta & Excise Commissioners of Various Provinces from perusal of which you will come to know that they have all expressed their inability to supply the same as well as the impossibility of collecting such date even for the future.

When you take into consideration the fact that India imports annualy about a lakh proof gallons of spirit in this form and that are there firms trying their best to meet this demand locally, you will see, we hope the advisability of having figures of local production as well. Without these we are working rather in the dark about the future of our trade. After their bitter experience during the last war, even the Government are distinctly in favour of promoting local production. We shall, therefore, be

much obliged if you will put this question for the consideration of your committee for necessary action to guard and promote the interest of this new local industry.

Yours faithfully,
Kotibhaskar Amin & Co.
Secretaries, Treasurers & Agents.

The Alembic Chemical Works Co. Ltd.

No. 8/943. *Baroda, 15th March,* 1919.

To,

The Director-General of Statistics,
CALCUTTA.

Sir,

We have the honour to request you to supply us at your earliest convenience the following information which we urgently require in connection with our present business in that line :—

(1) What is the total quantity and price of absolute medical preparations such as extracts, tinctures, spirits, etc. imported into India at the different Indian ports and how many proof gallons of spirit do they represent as indicated by the customs duty paid thereon ?

(2) What is the total quantity and value of similar preparations manufactured in different parts of British India by private manufacturers' firms ? How many proof gallons of spirit do such preparations represent as indicated by the excise-duty recovered thereon ?

(3) What is the total quantity and value of similar preparations (alcoholic content thereof) manufactured and issued to Government and other dispensaries ?

(4) What is the total quantity and value of similar preparations and the alcoholic content thereof issued by private manufacturers duty-free to charitable institutions with the consent of Governments concerned.

(5) We shall thank you to supply us the above information for the last ten years.

Yours faithfully,

Kotibhaskar Amin & Co.

Secretaries, Treasurers & Agents.

DEPARTMENT OF STATISTICS, INDIA.

1, Council House Street,

Calcutta, the 29th March 1919.

Dear Sirs,

In continuation of this Department letter No. 1947, dated the 19th March 1919, I enclose a statement showing the total quantity of spirit, present in drugs, medicines or chemicals, imported by sea from foreign countries into the different maritime provinces of British India during each of the ten official years 1908–09 to 1917–18. The prices of alcoholic medical preparations asked for are not available in this Department.

With regards to particulars asked for in paragraphs (2), (3) and (4), I send an extract paragraph from the Bengal Excise Administration Report for 1917-18 regarding the manufacture

of tinctures etc., and would suggest your applying to the provincial Excise Commissioners for the required information which is not available in this Department.

Yours faithfully,
G. Findlay Shiras,
Director of Statistics.

To

Messrs. Kotibhaskar Amin & Co.,
Secretaries, Treasurers & Agents.
The Alembic Chemical Works Co. Ltd.,

The Alembic Chemical Works Co. Ltd.,

Camp BARODA, 5th April, 1919.

To

The Commissioner of Excise.

Dear Sir,

We have the honour to request you to supply us at your earliest convenience the following information which we urgently require in connection with our present business in that line:—

(1) What in the total quantity of alcoholic medical preparations of tinctures, extracts, spirits, etc. manufactured in the area under your jurisdiction by private manufacturing firms and how many proof gallons of alcohol do they represent as indicated by the excise-duty revenue thereon?

(2) What is the total quantity and value of similar preparations (alcoholic content thereof) manufactured by Government Medical Department and issued to Government and other dispensaries?

(3) What is the total quantity and value of similar preparations and the alcoholic content thereof issued by private manufactures duty free to charitable institutions with the consent of Government.

(4) We shall thank you to supply us the above information for the last ten years.

Yours faithfully,
Kotibhaskar Amin & Co.
Secretaries, Treasurers & Agents.

Letters were addressed to the Com. of Excise, Bombay. Madras, United Provinces, Central Provinces, Bengal Presidency and also of the Punjab Presidency similarly.

No. 561/651D/4

FINANCIAL COMMISSIONER'S OFFICE,

Lahore, dated 16th April 1919.

From

KHAN SAHEB MIAN ABDUL AZIZ,

Junior Secretary to the Financial Commissioners, Punjab.

To

The Secretary,

THE ALEMBIC CHEMICAL WORKS Co.,

Gorwa Road, Camp BARODA.

The Hon'ble,

H. J. MAYNARD, C. S. I., I. C. S.

Sir,

In reply to your letter No. 1357 of the 5th instant. I am directed to say that the information on the subject in not available in this office.

I have etc.,
Sd. ILLEGIBLE,
Junior Secretary to the Financial Commissioner.

P. R. 118 ABKARI of 1919.

OFFICE OF THE BOARD OF REVENUE,

(Separate Revenue.)

Station : Chepauk, MADRAS

Dated the 10th April 1919.

Read :—Letter from the Alembic Chemical Works Company, Limited, Gorwa Road, Baroda No. 8/1353 dated 5-4-19.

Memo :—

With reference to their letter No. 8/1353 dated 5-4-19 the Alembic Chemical Works Company Ltd. are informed that the figures representing the total quantity of alcoholic medical preparations manufactured in this presidency are not available.

Sd. ILLEGIBLE,

12-4-1919,

Assistant Secretary.

To

THE ALEMBIC CHEMICAL WORKS Co. Ltd.,

Gorwa Road, Baroda.

V. G. S./ 11-4-19.

BURMA.

No. 92/IE. 22.

From

Lieutenant-Colonel T. L. ORMISTON M. A., L. A.,
Barrister-at-Law,
Excise Commissioner, Burma.

To

The Agents,
ALEMBIC CHEMICAL WORKS Co., Ltd.,
Gorwa Road, Camp BARODA.

Dated Rangoon, the 5th May, 1918.

Gentlemen,

With reference to your letter No. 8/1359, dated the 5th April 1919, I have the honour to inform you that the information you require is not readily available. It is not compiled for the Annual Excise Report and I doubt if it is obtainable. I regret I do not see my way to attempt to compile it without the orders of Government.

2. I venture to suggest that you might apply to the Burma Chamber of Commerce of the Rangoon Trade Association. Possibly the Commercial Intelligence Department might be able to help you. I regret I cannot help you further.

I have etc.,
Sd. ILLEGIBLE,
Excise Commissioner,
BURMA.

THE ALEMBIC CHEMICAL WORKS Co., Ltd.,

Baroda, 17th June, 1919.

No. 8/2652.

To

THE DIRECTOR GENERAL OF STATISTICS.

DEPARTMENT OF STATISTICS, INDIA,

1, Council House, Street,

CALCUTTA.

Dear Sir,

As desired by you in your letter No. D. C. 4022 dated 29th March, we had addressed letters to the Excise Commissioners of Bombay, Madras, Bengal and the Punjab Presidencies and also to the Excise Commissioners of the United Provinces and Central Provinces as per copy enclosed. We regret to learn in reply from all of them that the information required is not available. We have the honour, therefore, to request you to see if you can get us the same by special efforts and to arrange for future collection of the required statistics. Considering the fact that spirituous medical preparations are imported to about a lakh proof gallons and that some indigenous firms are trying to meet the demand locally, we believe the statistics suggested would be very instructive and useful.

Yours faithfully,

KOTIBHASKAR AMIN & Co.,

Secretaries, Treasurers & Agents.

D. O. No. 4553.

Department of Statistics, India,
1, Council House Street,
Calcutta, the 30th June 1919.

Dear Sirs,

With reference to your letter No. 8/2652 dated the 17th June 1919 regarding alcoholic medical preparations, I write to say that the question has been carefully considered and that it is much regretted that the data cannot be collected.

Yours faithfully,
G. FINDLAY SHIRRAS,
Director of Statistics.

THE SECRETARIES, TREASURERS, & AGENTS,
The Alembic Chemical Works Co. Ltd.,
BARODA.

5th August 1919.

From

The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

TO

G. FINDLAY SHIRRAS, Esquire, M. A., I. C. S.,
The Director of Statistics,
CALCUTTA.

SIR,

A member of this Chamber Messrs. Alembic Chemical Works Company, Limited is in want of the following information.

1. What is the total quantity and value of spirituous preparations manufactured in different parts of British India by private manufacturers' firms? How many proof gallons of spirit do such preparations represent as indicated by the excise duty recovered thereon?

2. What is the total quantity and value of similar preparations (alcoholic content thereof) manufactured and issued to Government and other dispensaries?

3. What is the total quantity and value of similar preparations and alcoholic content thereof issued by private manufacturers duty-free to charitable institutions with the consent of Governments concerned?

This firm addressed a letter to you in this connection on the 15th March 1919 No. 8/943. They were advised by you to approach Provincial Excise Commissioners for this information in your letter of the 29th March 1919. All the Provincial Excise Commissioners however informed them that the information required was not available. They again approached you by their letter of the 17th June 1919 with a request that efforts may be made to arrange for future collections of the required statistics. They were informed in your reply of the 30th June 1919 D. O. No. 4553 that the question had been carefully considered and that it was much regretted that the data could not be collected.

My Committee are of opinion that looking to the fact that spirituous medical proparations are imported to the extent of about one hundred thousand proof gallons and that some indigenous firms are trying to meet the demand locally the collection and publication of the required figures would prove to be of great help to this industry which is beginning to establish itself in the country, if this work can be undertaken without undue trouble. My Committee presume that as the Provin-

cial Excise Commissioners are in charge of all the operations of such industries, they can be entrusted with the work of collecting these figures.

I beg to remain,
Sir,
Your most obedient servant,
J. K. MEHTA,
Secretary.

APPENDIX No. 46.

Industrial Policy of Railway's.

Bombay 9th July 1919.

To,

The Secretary,
The Indian Merchants' Chamber & Bureau,
BOMBAY.

Dear Sir,

We beg to forward a copy of the letter of our friend Mr. Narbadashankar M. Vyas of Detroj.

This gentleman has a ginning factory at Detroj. We were there in October 1918, and seeing that it was a centre of cotton district and knowing that there was need of starting a press we had decided to start one in partnership with our friend who had agreed to run his present ginning factory as well as to start the press in partnership with us. It seems, however, that the Railway Company is against giving the factory certain facilities without which it is feared that the factory and the proposed press would be put to much unnecessary expenses in the way of loading, unloading and carrying of goods to and from the factory.

We feel that the Railway authority's action is very unjust and arbitrary and if that policy of refusing facilities necessary for encouraging factories and presses is not changed, great harm will be done to the cotton industry in which many members of our Association are interested. We have, therefore to request you to take up this case as a fitting one for determining the policy of the Railway Company's relations with the factories and presses situated near the Railway Station and we hope you will be kind enough to place this before your Committee and take steps so that the Railway Company concern should do justice in this particular case and should lay down a policy by which factories and presses may be given facilities so very necessary for developing their working successfully.

The facts of the particular case are as follows:

Mr. Narabadashankar M. Vyas started a ginning factory at Detroj on Viramgam Mehsana Line in 1912. From the sketch enclosed it will be seen that it was necessary for the factory to have gaps or gates on the main line. Accordingly on an application being made to the District Traffic Superintendent, Branch Ahmedabad. a gap in the cactus fencing on the passenger platform (Mehsana side) besides two gaps in the fence of the factory as shown in the sketch Nos. 1, 2, & 3, was allowed by his letter No. T 128-12-15 of 1st, May, 1914. Next year the Railway Engineering Department closed these gaps. Application was again made to the District Traffic Suprintendent, Branch Ahmedabad, who again allowed it on the 9th, March, 1915 by his letter No. T 128-12-20 both the copies are attached herewith.

On the 17th, January 1918, the Executive Engineer proposed to give the factory a gateway instead of a gap and he sent to the factory owner a draft agreement for his signature. Six months later the same officer wrote cancelling the arrangement and proposed agreement as the District Traffic Superintendent,

Branch Ahmedabad was against allowing any gaps or gates and making the factory use goods platform by the public way which means a long-about-way nearly two miles as will be seen from the sketch instead of 50 yards according to the previous arrangements and thereby the labour charges increases from 2 rupees to 20 rupees per wagon and from one anna to six annas per bale. At present the factory owner imports about 150 wagons of coal and sends out about 4000 bales so that he is put to a loss, at the present figures of Rs. 4000 annually and as the outturn in likely to increase in future owing to the starting of press loss will still more increase unnecessarily.

The District Traffic Suprintendent, Branch Ahmedabad, was again approached but he refused to modify his decision, then the factory owner petitioned to the General Traffic Manager B. B. & C. I. Railway and he was kind enough to order to give a gap in the cactus hedge in February of this year as a temporary measure pending the signing of the agreement proposed by the General Traffic Manager B. B. & C. I. Railway.

The draft agreement was signed by the factory owner and sent to the General Manager on the 17th, April, 1919, which he acknowledged on the 26th, April, 1919.

However, all of a sudden on the 1st, May 1919, the General Traffic Manager wrote to the solicitors of the factory owner intimating that the agent was against the arrangement proposed and accordingly the agreement was cancelled and the temperary gap was closed also. The Factory owner feels that great injustice is done to him specially as such a gate has been given to a similar factory at Kadi and platforms are built for the convenience of merchants on the main line at the following stations on the same section :—

Goods platform on the station side platform.

1. Dabheoda. 2. Nandod. 3. Degam. 4. Prantij.
5. Himatnagar. 6. Ellis Bridge. 7. Bavla. 8. Dholka.

9. Kadi. 10. Adrej Moti. 11. Randheja. 12 Limbodra.
13. Vijapur. 14. Visnagar, 15. Vadnagar. 16. Kheralu.
17. Kakusi. 18. Chanasma, 19. Harij. 20. Bhecharaji.
21. Lilapur Road. 22. Lakhtar. and so on.

When the Kacha Goods platform was built for the factory on the third line, the factory owner did object to it, but he was promised facilities which were given upto July 1918., which will be seen from the Railway records.

Our friend therefore desires that either gaps or gates in the cactus as before be given to take their goods to and from the ginning factory or a goods platform be constructed on the main line Mehsana side just as on the other stations mentioned above.

Yours faithfully,
TRIVEDI & Co.

4th August 1919.

From
The Secretary,
Indian Merchants' Chamber & Bureau,
BOMBAY.

To
The Agent,
The B. B. & C. I. Railway,
BOMBAY.

Sir,

The attention of my Committee has been drawn to the complaint of the proprietor of the Narbadashankar Mugatram Ginning Factory, Detroj, to the effect that on account of certain orders passed by yourself this factory stands confronted with the imminent possibility of being closed up.

My Committee are loth to take any action with regard to individual complaints but with reference to this particular instance they have been moved to approach you as the General principle of the relation and inter-relation between Railways and industries appears to be affected. The general policy laid down by the Railway Board in 1915 appears to be that Railways must do their utmost to further the development of industries and the Board went even so far in this direction as to ask for particulars from different Railway Companies of the efforts made by them regarding these Ginning Factories dotted over cotton districts forming one of the important industries and playing a large part in the cotton industry which is the staple industry of this Presidency. Any assistance given therefore to such factories by the Railways will be a step forward in the general industrial development.

2. You must be aware of the history in detail of the requirements of this particular ginning factory but I am directed to describe it again here for easy reference.

3. Mr. Narbadashankar M. Vyas started a ginning factory at Detroj on Viramgam Mehsana Line in 1912. From the sketch enclosed it will be seen that it was necessary for the factory to have gaps or gates on the main line. Accordingly on an application being made to the District Traffic Superintendent Branch Ahmedabad, a gap in the Cactus fencing on the passenger platform (Mehsana side) besides two gaps in the fence of the factory as shown in the sketch Nos. 1, 2 and 3 was allowed by his letter No. T 128/12/15 of 1st say 1914. Next year the Railway Engineering Department closed these gaps Application was again made to the District Traffic Superintendent, Branch Ahmedabad, who again allowed it on the 9th March 1915 by his letter No. T 128/12/20.

4. On the 17th January 1918, the Executive Engineer proposed to give the factory a gateway instead of a gap and he

sent to the factory owner a draft agreement for his signature Six months later the same officer wrote cancelling the arrangement and proposed agreement as the District Traffic Superintendent, Branch Ahmedabad was against allowing any gaps or gates and for making the factory use goods platform by the public way which means a long-about-way nearly two miles long as will be seen from the sketch instead of 50 yards according to the previous arrangements and thereby the labour charges increased from 2 rupees to 20 rupees per waggon and from one anna to six annas per bale. At present the factory owner imports about 150 waggons of coal and sends out about 4000 bales so that he is put to a loss, at the present figures of Rs. 4000 annually and as the outturn is likely to increase in future owing to the starting of a press, loss will still more increase unnecessarily.

5. The District traffic Superintendent, Branch Ahmedabad was again approached but he refused to modify his decision. The factory owner then petitioned to the General Traffic Manager, B. B. & C. I. Railway and he was kind enough to order to give a gap in the Cactus hedge in February of this year as a temporary measure pending the signing of the agreement proposed by the General Traffic Manager, B. B. & C. I. Railway.

6. The draft agreement was signed by the factory owner and sent to the General Traffic Manager, on the 17th April 1919 which he acknowledged on the 26th April 1919.

7. However, all of a sudden on the 1st May 1919, the General Traffic Manager, wrote to the solicitors of the factory owner intimating that the agent was against the arrangement proposed and accordingly the tagroemen was cancelled and the temporary was closed also. The factory feels that great injustice is done to it specially as such gate has been given to

a similar factory at Kadi and platforms are built for the convenience of merchants on the main line at the following stations on the main sections :—

Goods Platform on the Station side Platform.

1. Dabhoda. 2. Nandod. 3. Degam. 4. Prantij. 5. Himatnagar. 6. Ellis Bridge. 7. Bavla. 8. Dholka. 9. Kadi. 10. Adrej Moti. 11. Randheja. 12. Limbodra. 13. Vijapur. 14. Visnagar. 15. Vadnagar. 16. Kheralu. 17. Kakusi. 18. Chanasma. 19. Harij. 20. Bhecharaji. 21. Lilapur Road. 22. Lakhtar and so on.

8. When the Kachha goods platform was built on the third line, the factory owner objected to it, but he was promised facilities which were given upto July 1918, which will be seen from the Railway records.

9. My Committee beg to suggest for all these reasons that either gaps or gates in the Cactus as before be given to the factory to take their goods to and from the ginnig factory or goods platform be constructed on the main line, Mehsana side just as at other stations mentioned above.

10. It will surely be a pity if through such a concession not being given the factory is bound to close up.

I beg to remain,

Sir.

Your most obedient servant,

J. K. MEHTA,

Secretary.

APPENDIX No. 47.

Advisory Board for Income Tax.

No. 1624 F.

GOVERNMENT of INDIA.

Finance Department.

SEPARATE-REVENUE.

ASSESSED-TAXES,

INCOME-TAX.

Simla, the 2nd July 1919.

RESOLUTION.

At a meeting of the Imperial Legislative Council held on the 14th of March 1918, in the course of the final debate on the Indian Income-tax Bill, the Hon'ble Rao Bahadur B. N. Sarma moved that non-official assessors should be appointed in each district or part of a district to assist the Collector of Income-tax in any enquiry under section 18 of the act. In the discussion on the motion, the Government of India undertook to enquire from local Governments whether any further steps were desirable towards extending the informal employment of non-official agency when assessments to income-tax are under consideration.

2. In 1914, a somewhat similar question was discussed in the Indian Legislative Council on a resolution recommending that Local Governments should be consulted as to the desirability of establishing Advisory Boards composed of non-official gentlemen nominated by the Revenue Heads of districts to assist officials in assessing income-tax. This was accepted and the result of the reference to Local Governments and of the consultation, through them, of local opinion was embodied in the Government of India Resolution, No. 1287-F., dated 11th August 1915, which is reproduced as an annexure hereto. It

will be seen that the opinions received were conclusively against the substitution of formal Advisory Boards for the existing system of informal consultation of non-officials.

3. The Government of India have now received the opinions of Local Governments and Administrations on the reference made to them in accordance with the undertaking mentioned above. It is generally pointed out that the arguments, put forward in 1914-15 against any extension of the existing system of informally consulting non-official opinion, carry even more weight to-day than they did then. Whereas, under the former Act, the Income-tax Collector when making assessments was largely dependent upon records and information obtained from outside enquiry, under the present Act, the assessee himself is required to render an account of his assessable income. The necessity for resort to non-official assistance as a general practice has therefore disappeared. The Governor-General in Council is in agreement with these views and has accordingly decided that it is unnecessary to proceed further in the matter.

Ordered that the Resolution be communicated to all Local Governments and Adminstrations (except Baluchistan) and all Chambers of Commerce for information.

Ordered also that it be published in the *Gazette of India.*

E. M. COOK,

Offg. Secretary to the Government of India.

Annexure.

Copy of a Resolution by the Government of India, in the Finance Department, No. 1287-F., Dated the 11th August 1915.

At a meeting of the Imperial Legislative Council held on the 24th of January 1914, the Hon'ble Mr. Rama Rayaningar moved a Resolution recommending that local Governments

should be consulted as to the desirability of establishing Advisory Boards composed of non-official gentlemen nominated by the revenue heads of districts to assist officials in assessing income-tax. After some discussion, in the course of which certain *prima facie* objections to the policy advocated by the Hon'ble Mover were stated, the Resolution was accepted on the ground that it was advisable to consult local Governments and through them public opinion as to the practicability and expediency of adopting the proposed method of assessment.

2. The Government of India have now received the views of all local Governments and administrations on the subject, and it is found that the proposal has been widely canvassed and unhesitatingly condemned by practically all who were consulted. The general conclution arrived at is that the creation. of formal Advisory Boards would not improve the accuracy of assessment and would tend to make the tax more unpopular.

3. The objections advanced by local Governments and the public bodies and individuals whom they consulted confirm generally the criticism to which the proposal was subjected in the discussion in the Imperial Lagislative Council. The more important arguments are summarised below:

I. It is widely felt that business men would have the strongest objection to the disclosure of their accounts, and consequently of important information regarding their financial credit and methods of business, to a Board composed of their neighbours and possibly including trade rivals. It is an accepted principle of income-tax law that information of this kind, while necessary for purposes of assessment, should be regarded as absolutely confidential as between the

State and the taxpayer, and the maintenance of this principle would be seriously endangered by the proposed system of assessment.

II. The principal utility of the proposed Boards would by hypothesis lie in their local and personal knowledge. It would therefore be necessary to appoint a special Board in each area of assessment and the authorities consulted anticipate the utmost difficulty in obtaining men possessing the requisite standing and sense of public responsibility. This difficulty would be specially great in rural areas. It is also urged that apart from other considerations the frequent prevalence of local factions would enhance the difficulty of securing a Board which would command the confidence both of Government and the assessees.

III. The proposed Advisory Boards would be exposed to conflicting influences, the sense of their duty to Government on the one hand and, on the other, pressure implied or expressed on the part of the assessees, with many of whom they would necessarily have some personal or business relations. The position would be most difficult to sustain, and it is generally believed that qualified men would be reluctant to undertake the task.

IV. It is represented that private individuals are often found by experience to be unwilling to take the responsibility of tendering advice in a formal and public way, and that influential and representative citizens who may at present be relied upon to give the Collector of Income-tax the benefit of their personal knowledge would thus be of diminished utility if identified with membership of an official committee.

V. The introduction of Advisory Boards would tend to weaken the sense of responsibility of the official Income-tax Collector. The duties which he performs are necessarily of an inquisitorial and somewhat distasteful nature, and it would not be an altogether unnatural result if he should display a tendency to throw as much responsibility as possible on the shoulders of the advisory Boards.

4. These opinions appear to the Government of India to be conclusive and they do not therefore propose to take any further steps in the direction of requiring local Governments to constitute formal Advisory Boards for the assessment of the tax.

5. The Government of India, however, do not desire to interfere with the existing practice by which non-official agency is widley employed in an informal manner in connection with income-tax assessments. It appears from the recent correspondence with local Governments that in every province the assessing officer is required to seek information from persons likely to be acquainted with the circumstances of those already on the assessment roll, or who might be brought on it. In towns municipal commissioners, and leading representatives of the different communities and of commercial and industrial interests, are consulted; and in rural areas headmen, zaildars, and village panchayats where these exist. In one or two provinces small committees consisting of influential citizens, representative traders and manufacturers, are *informally* associated with Government officials in the work of assessment. The information thus collected is recorded confidentially by the Government assessing officer, and a further feature of the arrangements generally obtaining is that in each case efforts are made to obtain information from a number of independent sources with the object of correcting or eliminating as far as possible biassed or inaccurate statements. Or, again, where questions of accounts

are concerned, the assessee may be permitted. if he so desires, to have his books examined by a non-official commission and care is taken to select for such commissions gentlemen well qualified by their knowledge of business, their familiarity with systems of accounts and by a reputation for trustworthiness.

These expedients are legitimate and suitable and it is understood that they have proved of material assistance in the work of assessing the tax. The matter, however, is one with which Provincial Governments are competent to deal, and it is unnecessary for the Government of India to do more than indicate their general approval of the methods employed, leaving it to local Governments to maintain and develop the existing procedure on practical lines suited to the varying circumstances of the communities with whom the assessing officer has to deal.

APPENDIX No. 48.

Asiatic Land & Trading Amendment Act, in South Africa.

The following telegram was sent to the Government of India protesting against the Asiatic Land and Trading Amendment Act, of South African Lagislature.

COMMERCE SPECIAL.

SIMLA,

Committee of the Indian Merchants' Chamber and Bureau beg to enter emphatic protest against the Asiatic Land and Trading Amendment Act, passed by the South African Legislature as being prejudicial to the rights of Indians regarding trading and possession of landed property and practically depriving them of the means of livelihood. The Committee request the Government of India to move His Majesty's Government to protect the rights of these British Indians by advising His Majesty to veto the said Act or by adopting such other means as may result in the repeal of that legislation.

J. B. PETIT, Vice-Chairman,
The Indian Merchants' Chamber.

APPENDIX No. 49.

Election of a Post Trustee.

Bombay, 30th *July*, 1919.

No. P. 2763.

To,

The Secretary,

Indian Merchants' Chamber & Bureau.

Sir,

I am directed to inform you that Mr. Manu Subedar has obtained from the Trustees leave of absence from the Meetings of the Board for 3 or 4 months from 2nd August 1919.

The duty of electing another representative to act as a Trustee in place of Mr. Subedar therefore devolves upon the Chamber, under Section 13 (2) of the Bombay Port Trust Act, 1879.

I have the honour to be,

Sir,

Your most obedient servant,

C. M. JANSON,

Acting Secretary.

8th August 1919.

To,

The Secretary,

The Bombay Port Trust,

BOMBAY.

Sir,

With reference to your letter of the 30th July 1919 No. 2763 I am directed to inform you that necessary action is

being taken to elect a representative as a Trustee in the absence of Mr. Subedar.

I beg to remain,
Sir,
Your most obedient Servant,
J. K. MEHTA,
Secretary.

16*th August* 1919.

From

The Secretary,
The Indian Merchants' Chamber & Bureau,
BOMBAY.

To,

The Secretary,
The Bombay Port Trust,
BOMBAY.

Sir,

With reference to your letter of the 30th July 1919 No. 5/2763 and in continuation of my letter of the 8th instant, I am directed to inform you that Mr. Hansraj Pragji Thackersey has been duly elected by this Chamber as its representative on the Port Trust Board during the absence of Mr. Manu Subedar.

I beg to remain,
Sir,
Your most obedient Servant,
J. K. MEHTA,
Secretary.

16*th August* 1919.

From,

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary to Government of Bombay,

Marine Department,

BOMBAY.

Sir,

I am directed to inform you that Mr. Hansraj Pragji Thackersey has been duly elected by this Chamber as its representative on the Port Trust Board during the absence of Mr. Manu Subedar.

I beg to remain,

Sir,

Your most obedient Servant,

J. K. MEHTA,

Secretary.

APPENDIX No. 50.

State Bank.

From

The Secretary,

Indian Merchants' Chamber & Bureau,

BOMBAY.

To

The Secretary,

FINANCE DEPARTMENT,

GOVERNMENT OF INDIA,

SIMLA.

Sir,

The attention of my Committee is drawn to the speech of the Chairman of the Bank of Bombay at its annual meeting held recently wherein he observed that the question of the amalgamation of the three Presidency Banks was under consideration and that proposals were likely to be submitted in due course to the shareholders of the three banks for their approval and sanction. This means evidently that the Government have under consideration the scheme of a State Bank. My Committee hope that the commercial community will be consulted regarding this scheme and given a chance of submitting their criticisms and suggestions. In this connection I am directed to refer to a letter from the Finance Department, Government of India dated the 22nd July 1914 in paragraph 3 of which were emumerated some of the more important recommendations of the commission on Indian Finance and Currency. There was "the question of appointing a small expert Committee with instructions either to pronounce definitely against the establishment of a State or Central Bank in India or to formulate a definite scheme for its establishment." This shows that

the State Bank Scheme was meant to be referred to a Committee before final adoption by the Government. My Committee hope that this implicit understanding will be observed now and that no steps will be taken in this connection before the commercial community has been given an opportunity to express themselves on the proposals. If this matter is to be referred to a Committee as was intended in 1914, my Committee trust that non-official commercial opinion will be adequately represented on it.

I beg to remain,

Sir,

Your most obedient Servant,

J. K. MEHTA,

Secretary.

No. 2262-F.

GOVERNMENT OF INDIA.

Finance Department.

Simla, the 2nd September 1919.

The Hon'ble Mr. E. M. Cook, C. I. E., I. C. S.,

Offg: Secretary to the Government of India.

To

The Secretary,

Indian Merchants Chamber and Bureau,

BOMBAY.

Sir,

I am directed to acknowledge receipt of your letter of 22nd August in which your Committee deduce, from the announcement made by the Chairman of the Bank of Bombay that the question of the amalgamation of the Presidency Banks is under consideration, that the Government of India have

under consideration a scheme for a State Bank. Your Committee proceed to request that the commercial community may be given an opportunity of submitting their criticisms and suggestions upon such a scheme, and they refer to the scheme for a State Bank which was suggested by certain witnesses before the Chamberlain Commission.

2. I am to say that your Committee are not correct in inferring, from the fact that proposals for the amalgamation of the three Presidency Banks are under consideration, that a scheme for a State Bank on the lines suggested to the Chamberlain Commission is also under consideration. The proposals which have been submitted to the Government of India for the amalgamation of the three Presidency Banks will, if approved in principle by the Secretary of State, and accepted by the Banks' shareholders, have to be made the subject of legislation, and there will be ample opportunity for your Committee and the commercial community generally to express their opinion thereon before the necessary legislation is carried through.

I have the honour to be

Sir,

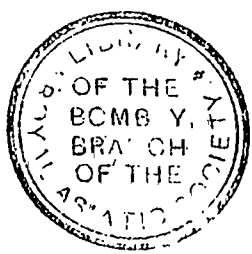
Your obedient Servant,

E. M. COOK.

Offg: Secretary to the Government of India.

No. 2263-F.

Copy of correspondence forwarded to the Controller of Currency.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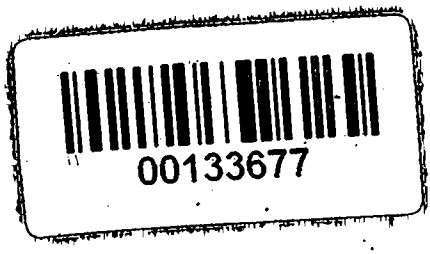
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by

JEHANGIR BOMANJEE PETIT.

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